

## TERMS AND CONDITIONS OF JSC *BALTA* EXTENDED RISK PROPERTY INSURANCE CONTRACT FOR NATURAL PERSONS NO. 1202.404

This is an English translation for information purposes only. In case of signing of an insurance contract only the insurance terms in Latvian are binding.

### 1. TERMS USED IN THE REGULATIONS

- 1.1. **Insured** - a person specified in the insurance policy, who owns the title to the insurance object, for the benefit of whom the Insurance Contract has been concluded and who has the insurable interest.
- 1.2. **Sum Insured** - sum of money for which the insurance object is insured.
- 1.3. **Indemnity Limit** - the maximum total annual insurance indemnity amount to be paid out during the insurance year, intended for compensating certain types of losses. The Indemnity Limit shall be included in the sum insured of the Insurance Contract, unless stated otherwise in the Insurance Contract. The Under-insurance conditions shall not apply when the Indemnity Limit is determined.
- 1.4. **Indemnifiable Losses** - losses calculated in accordance with these Terms and Conditions, being the direct result of the occurred insured event before withholding the deductible.
- 1.5. **Insurance Object** - the immovable property (except for the land) and/or movable property (belongings) specified in the insurance policy and annexes thereto.
- 1.6. **Insurance Place** - building, structure, premises and/or territory specified in the insurance policy, where the Insurance Object is located according to the address specified in the policy.
- 1.7. **Contract Period** - time period for which the Insurance Contract has been concluded.
- 1.8. **Insurance Year** - time period of twelve months specified within the scope of the Contract Period, being calculated on an annual basis from the date of commencement of the Contract Period.
- 1.9. **Insured Risk** - a sudden and unforeseen event beyond the control of the Insured, the occurrence whereof is possible in the future.
- 1.10. **Deductible** - a share of the Sum Insured or the losses caused expressed in monetary terms or as a percentage, specified in the insurance policy or Insurance Terms and Conditions, which is deducted from the Indemnifiable Losses, when calculating the insurance indemnity for each Insured Event. If, as a result of a single Insured Event, an Insured Event occurs concurrently in the immovable property insurance and the third-party liability insurance, then only the largest deductible specified in the policy shall apply.
- 1.11. **Related Party** - family members of the Insured or the Policy Holder, persons with whom the Insured or the Policy Holder has a common household, or persons who have a contract concluded with the Insured or the Policy Holder on the lease, tenancy, lending, pledging of the insured property or any part thereof, or contract of another type, granting the rights to use the insured property, or the bailment contract. The term Related Parties shall also extend to persons, who have agreed with the Insured or the Policy Holder upon the performance of works and/or provision of services in the Insurance Object (babysitters, builders, cleaners, etc.).
- 1.12. **Third Party** - any natural person or legal entity, other than the Policy Holder, the Insured or the Related Parties.
- 1.13. **Under-insurance** - an event when the Sum Insured is lower than the value of the Insurance Object.

- 1.14. **Over-insurance** - an event where the Sum Insured exceeds the value of the Insurance Object.
- 1.15. **Inhabited Property** - building or apartment functionally intended for residing, also during the winter season, having all the relevant external enclosing structures (including roof, covers, windows, doors), equipped with duly operating and connected heating system and wiring with electricity connection to the service provider, and which is not left without personal physical supervision for more than 30 (thirty) consecutive days, as well as auxiliary structures located at the address of such residential building or apartment. Physical supervision shall be implemented by the Insured or a person authorised by them performing a visual inspection of the object from outside and inside (internal premises, doors, windows, pipelines, etc.), in order to ascertain that no damage has occurred to the object and there are no circumstances increasing the probability of occurrence of the Insured Risk.
- 1.16. **Risk of Damage** - external physical damage of the display or frame of a mobile telephone or tablet computer. The Risk of Damage can only be insured under the procedure laid down in Clause 6.1.8. The Risk of Damage shall be in effect on a global scale.

### 2. INSURANCE OBJECT

- 2.1. The following immovable property may be insured by this Insurance Contract:
  - 2.1.1. **building, auxiliary structure.** In this case, the insurance cover shall include separately standing buildings, auxiliary structures, main structural elements, interior and exterior decoration, building tents (entrance canopies), terraces connected to the building, pools located in the buildings, antennae installed and fixed on the constructions of the building, sun batteries and wind generators, engineering communications (heating, gas, water supply pipe, sewerage, wiring, as well as external pipelines, electric lines, cables and other communications, deriving from the insured immovable property up to the main or public connection, in-built air conditioning equipment and systems), plumbing, stoves, fireplaces, fire safety, anti-burglary (intrusion prevention) alarms, security guard systems, designing costs. The insurance cover shall also include the residential building and auxiliary structures thereof in the long-term lease as a single-family residential object and the tenancy agreement is in effect for at least 21 (twenty-one) days and more;
  - 2.1.2. **interior decoration of the premises.** In this case, the insurance cover shall include the expenses and materials of repair works performed in the apartment and/or the premises, including ceiling, walls, floor decoration up to the load bearing structures, windows and doors, engineering communications (heating, gas, water supply pipe, sewerage, wiring and in-built air conditioning equipment and systems, starting from the connection or input of the apartment and/or the building, enclosed by the wall, floor, ceiling), plumbing,

stoves, fireplaces, fire safety, anti-burglary (intrusion prevention) alarms and security guard systems;

- 2.1.3. **apartment.** In this case, the insurance cover shall include the apartment with its structural elements forming an integral part of the apartment (ceiling, walls, partition walls, floor), apartment windows, doors, door and wall glazing, interior and exterior decoration (exterior decoration for apartment balconies, enclosed balconies or terraces), engineering communications (heating, gas, water supply pipe, sewerage, wiring and in-built air conditioning equipment and systems, starting from the connection or input of the apartment and/or the building, enclosed by the wall, floor, ceiling), plumbing, stoves, fireplaces, fire safety, anti-burglary (intrusion prevention) alarms, security guard systems, designing costs, as well as the losses in the amount of 10 (ten per cent) of the Sum Insured for the apartment shall be indemnified with respect to the premises related to the apartment (storage room for belongings, basement, car parking, etc.), located in the same building, where the apartment is located, or located on the same land plot, where the multi-apartment house is located. If the apartment is located in the mezzanine of the building and the ceiling of the apartment is the ceiling of the building, then the insurance cover shall also include the part of the ceiling located above the apartment, even if it is considered as part of a joint property of the building owners. Without a specific separate indication in the policy, the apartment shall also be insured during the repair works, *inter alia*, if the repair works require a construction permit. The insurance cover shall also include the apartment in the long-term lease as a single-family residential object and the tenancy agreement is in effect for at least 21 (twenty-one) days and more.

- 2.2. The following movable property can be insured under this Insurance Contract:

- 2.2.1. **household belongings** (hereinafter also referred to as the belongings), located in the Insurance Object: building, apartment and/or enclosed territory, in the case of farmsteads, the territory may also not be enclosed, owned by the Insured or the Related Parties or being in the legal possession of such persons (for example, equipment issued by the employer, necessary for the performance of job duties), *inter alia*, also grass-cutting tractors, riders and robotic grass-cutting tractors with a capacity of up to 20 kW.

### 3. DETERMINATION OF THE SUM INSURED

- 3.1. The Sum Insured shall be determined by the Policy Holder. The Policy Holder shall undertake full liability for the conformity of the Sum Insured to the value of the Insurance Contract in accordance with the provisions of Clauses 3.2-3.5 and the Sub-clauses thereof. If the Sum Insured does not conform to the value of the Insurance Object, then, upon the occurrence of the Insured Event, the provisions for Under-insurance or Over-insurance shall apply. The Under-insurance condition shall not apply to the insurance of belongings.
- 3.2. The Sum Insured of the **building, auxiliary structure** shall be determined according to:
- 3.2.1. **reinstatement value** equal to the lowest reinstatement expenses, in order to carry out the reinstatement of the immovable property in the quality

and to the extent the immovable property was exactly at the moment of conclusion of the Insurance Contract, if the depreciation of the immovable property is up to 40%;

- 3.2.2. **actual value** equal to the reinstatement value, deducting the depreciation of the object. The actual value shall be applied, if the wear and tear of the property at the moment of conclusion of the Insurance Contract is 40% - 70%.
- 3.3. The Sum insured of the **apartment** shall be determined according to:
- 3.3.1. **reinstatement value**, being the necessary lowest reinstatement expenses, in order to carry out the reinstatement of the immovable property in the quality and to the extent the immovable property was exactly at the moment of conclusion of the Insurance Contract;
- 3.3.2. **replacement value (market value that can be applied when concluding the Insurance Contract, if the reinstatement value is lower than the replacement value)**, being the market value of the immovable property calculated in accordance with the International Appraisal Standards approved by the Latvian Association of Property Appraisers. The International Appraisal Standards can be found on the internet website [www.vertetaji.lv](http://www.vertetaji.lv).
- 3.4. **The Sum Insured for the interior decoration of the premises shall be determined based on the reinstatement value** equal to the lowest reinstatement expenses, in order to carry out, in the case of damage, the reinstatement of the premises in the quality and to the extent the premises were exactly at the moment of conclusion of the Insurance Contract. The reinstatement value shall be applied when the interior decoration works were performed not more than ten years ago. If the interior decoration works of the premises have been performed more than ten years ago, the interior decoration works are indemnified by deducting the depreciation in accordance with Clause 10.4 of the Terms and Conditions.
- 3.5. The Sum Insured for the **belongings** shall be determined based on the **acquisition or restoration value**. Initial acquisition value or the minimum expenses required to restore the insured moveable property in the quality and to the extent it was exactly at the moment of conclusion of the Insurance Contract.

### 4. INSURED RISKS

- 4.1. Pursuant to the Terms and Conditions of this Insurance Contract, the Insurer shall insure the Insurance Object against the insured risks specified in the insurance policy.
- 4.2. **Fire risk.** For the purposes of this Insurance Contract, the following shall be recognised as a fire risk:
- 4.2.1. **fire** – unexpected and uncontrolled burning with an open flame that started from places not meant or meant for fire, when it continues to spread further, including the impact of smoke, soot and fire extinguishing equipment (water, foam, etc.) occurring as a result of fire;
- 4.2.2. **lightning stroke** - direct impact of lightning on the Insurance Object;
- 4.2.3. **explosion** – instantaneous (explosive) substance or mixture transformation that causes increased pressure (shock wave). An explosion of a container (boiler, pipeline, etc.) shall be understood to mean a sudden

- occurrence of a destructive pressure force which results in the destruction of container walls to an extent that the pressure inside and outside the container balances;
- 4.2.4. **falling of a piloted aircraft, its parts or any freight carried by an aircraft** onto the Insurance Object, regardless of whether this event has or has not caused a fire.
- 4.3. For the purposes of this Insurance Contract, **the natural disaster damage risk** shall be:
- 4.3.1. **Wind, storm** - wind gusts of any speed that have caused damage to the Insurance object;
- 4.3.2. **flood, flooding** - flooding of the land plot, where the Insurance Contract is located, with water, including heavy rainfall;
- 4.3.3. **hail** – the direct impact of the precipitation in the form of hailstones on the Insurance Object;
- 4.3.4. **earthquake** – the earth's crust fluctuations resulting in causing damage to the Insurance Object;
- 4.3.5. **continuous snowing** – sudden increase of the snow layer, with the weight generated thereby creating sliding or other movements, resulting in causing damage to the Insurance Object;
- 4.3.6. **falling of trees (including, branches), masts, poles and other similar constructions** on the Insurance Object.
- 4.4. For the purposes of this Insurance Contract, **liquid or steam leakage risk** shall be:
- 4.4.1. **breakdown of pipelines, their devices and equipment**, being a sudden and unexpected disruption or rupture in water supply, sewerage, heating, conditioning of fire extinguishing systems, as well as in containers, reservoirs or operating devices that are independently connected to the aforementioned systems, *inter alia*, breakdown of pipelines, their devices and equipment, if the cause thereof is frost. The losses for the water loss incurred upon the occurrence of such risk shall also be indemnified. In such a case, the difference in water exceeding the average water consumption in the Insurance Object for the last 6 (six) months using the water meter readings for the accounts, shall be indemnified;
- 4.4.2. **acts or omission by Third Parties** resulting in the leakage of liquid or steam.
- 4.5. For the purposes of this Insurance Contract, **Third Party malicious action risk** shall be:
- 4.5.1. **burglary** – intentional, unlawful stealing of another person's property by illegally entering the insured immovable property or the immovable property where the insured belongings are located. Illegal entry shall be considered to have taken place if a person has used adapted keys, lock pickers or other accessories for lock picking or the elimination of barriers and illegally entered the locked immovable property – building, premises or territory – through windows, doors, walls, the roof, etc.;
- 4.5.2. **robbery** – an attack on the Insured or the Related Parties thereof, involving violence or the threat of violence and being dangerous for life or health, for the purposes of obtaining the insured property;
- 4.5.3. **malicious damage** – intentional destruction or damaging of the insured property;
- 4.5.4. **neighbour repair works** - sudden, direct physical damage to the insured property, which, in terms of a causal link, arises out of the repair works performed in the property owned by the Third Parties and directly adjacent to the insured immovable property.
- 4.6. **Collision risk.** For the purpose of this Insurance Contract a collision shall be recognised to be a direct crash of any road vehicle, loading or unloading mechanism into the Insurance Object.
- 5. ADDITIONALLY INDEMNIFIABLE LOSSES**
- 5.1. **In addition** to the Insurance Objects and the **Sums Insured specified** in the policy, the Insurer shall indemnify the losses described in Clauses 5.2-5.3 of these Terms and Conditions, if they represent the consequences of the risks insured by the policy.
- 5.2. The Insurer shall insure the losses described in Clauses 5.2.1-5.2.7 of these Terms and Conditions, if the immovable property that has been insured has suffered:
- 5.2.1. **Expenses for the performance of rescue and cleaning works.** With regard to these losses, the maximum Indemnity Limit shall be determined in the amount of up to 10% of the Sum Insured, but not more than EUR 70,000 per Insured Event. The following shall be regarded as rescue and cleaning expenses:
- 5.1.1.1. all claimed and proven reasonable expenses of the Insured for immediate damage elimination, loss minimisation or rescue measures;
- 5.1.1.2. all claimed and proven fire extinguishing expenses that have been reasonably incurred and necessary to prevent the destruction of the insured property or to minimise the losses, except for payment for work remuneration and payments similar to work remuneration;
- 5.1.1.3. costs of collection of the remains and the cleaning works as well as collection and destruction of the damaged insured property, costs of dismantling of equipment, breaking or dismantling of the parts of the building or widening of apertures.
- 5.2.2. In cases when the apartment or the notional shares of the building are insured and the **common use premises or constructions of the building** (roof, lifts, staircase, heating equipment, etc.) have suffered as a result of the Insured Event, the insurance indemnity shall also be disbursed for these losses in accordance with the proportion of the notional share of the apartment to the total area of the building, as well as considering possible Under-insurance. Such losses shall also be indemnified in the case if the insured apartment itself has not suffered as a result of the Insured Event.
- 5.2.3. In cases when the building or apartment are insured against fire risk and third-party malicious action risk, the losses with respect to the **loss of greenery and indoor plants** as a result of fire, theft or malicious damage shall be covered, if the natural restoration thereof is not possible. With respect to such losses, the Indemnity Limit in the amount of EUR 5000 per Insurance Year shall be determined, provided that:
- 5.2.3.1. outdoor greenery is insured, if it is located by the building or the multi-apartment house, if

- the apartment inside such building is insured, and if it is located inside the enclosed territory; in the case of a farmstead, the territory may also not be enclosed;
- 5.2.3.2. when the indoor plants are located in the indoor premises of the building, apartment and on the balconies or terraces adjacent to the apartments.
- 5.2.4. Losses incurred as a result of damage to the **territory facilities**, if the Insurance Object is a building or apartment, and the territory facilities are located on the land plot adjacent to the insured building in accordance with the land boundary map. Within the meaning of these Terms and Conditions, Territory Facilities shall be stationary structures permanently attached to the land, other than buildings, for example, lighting devices, watering units, flag poles, benches, tables, children's playground structures, fencing, yard covers, greenhouses. With respect to such losses, the Indemnity Limit shall be determined in the amount of EUR 5, 000 per Insurance Year.
- 5.2.5. If precipitation risk is indicated in the policy and a building, interior decoration of premises or an apartment is insured, and, if such losses have not occurred in the insured object during the previous 5 (five) years, then damage caused to the building, interior decoration or apartment as a result of the cases referred to in paragraph 7.1.12 shall be indemnified in the amount specified in the policy and by applying the deductible specified in the policy.
- 5.2.6. In cases when the inhabited residential building, terraced house, apartment has suffered from the Insured Event and the expected repairs for the prevention of the consequences of the Insured Event are necessary within the scope of at least 40% of the total area of the housing or in any of the sanitary premises, if they are the sole sanitary premises in such housing, rendering the property unsuitable for living, and provided that the repair works therein are carried out by the repair company, the expenses for the **tenancy of equivalent residence** shall be indemnified for the time period when the repairs of the housing referred to in this Clause take place, and the cover shall also include reasonable and documentarily confirmed expenses for **moving to the rented residence** and back to the Insurance Object. Insurance indemnity in accordance with Clause 5.2.6 of these Terms and Conditions shall be determined with the following limitations:
- 5.2.6.1. maximum period of the referred to service shall be 12 (twelve) months;
- 5.2.6.2. not exceeding 10% of the Sum Insured specified in the insurance policy;
- 5.2.6.3. the indemnity for the tenancy of the housing shall be disbursed, without including the maintenance and utility payments (for example, payments for gas, electricity, telephone, television, etc.);
- 5.2.6.4. insurance indemnity shall be disbursed provided that the Insured submits the Insurer the copy of the tenancy agreement (presenting the original) for the tenancy of the housing during the period of prevention of losses;
- 5.2.6.5. During the time period until the moment when rental of an equivalent place of residence is ensured, the interest on the loan issued by Luminor Bank for the insured real estate that has been pledged for the benefit of Luminor Bank shall be indemnified.
- 5.2.7. **Damage to glazing** for the first time during the insurance period shall not be subject to withholding the deductible specified in the policy. The second and each subsequent event of damage to glazing shall be subject to withholding the deductible specified in the Section "Insurance of Buildings" of the policy. For the purposes of this Clause, glazing shall mean the glazed surfaces included in the construction of the immovable property (windows, doors, glass wall, etc.).
- 5.3. The Insurer shall indemnify the losses described in Clauses 5.3.1-5.3.6 of these Terms and Conditions, if the belongings that have been insured have suffered:
- 5.3.1. Losses **as a result of the theft or robbery of the belongings**, when they have been located **outside the Insurance Place indicated in the policy**, in the territory of the Republic of Latvia. With respect to such losses, the Indemnity Limit shall be determined in the amount of EUR 500 per Insurance Year. Bicycles, baby carriages, scooters, *inter alia*, electric scooters outside the locked premises shall be indemnified, if they are locked with special fixtures to the immovable construction, *inter alia*, locked to special car fixtures. Other belongings outside the locked premises shall only be insured during the time when they are under the direct physical supervision of a person. Locked premises shall be understood to mean premises/room or part of the building, inaccessible for third parties. The common use premises of multi-apartment buildings shall not be regarded as locked premises for the purposes of this Clause;
- 5.3.2. Losses, upon the **occurrence of the loss of firewood, briquettes, pellets or hay** as a result of fire or theft in the locked premises owned by the Insured or the locked premises located in the possession of the Insured and which have occurred as a result of fire risk or the risk of theft. With respect to such losses, the Indemnity Limit shall be determined in the amount of EUR 500 per Insurance Year.
- 5.3.3. Losses occurring as a result of damage to or loss of the **belongings accepted into holding, use or bailment**, if the policy does not contain a record of the owner of such belongings. With respect to such losses, the Indemnity Limit shall be determined in the amount of EUR 500 per Insurance Year.
- 5.3.4. Losses, occurring **with respect to the restoration or repair of the personal identification documents** of the Insured or the Related Parties thereof, **or the documents confirming the title to the immovable/movable property owned by them, as well as car driving licence and car registration certificate**, keys of the insured immovable property, vehicle ignition **keys or alarm panels, upon the occurrence of the Insured Risk**. With respect to such losses, the Indemnity Limit shall be determined in the amount of EUR 500 per Insurance Year.
- 5.3.5. Losses, upon the occurrence of the loss of belongings functionally intended for use outside the premises, as a result of theft without the features of burglary, during



the time when such belongings have been located in the enclosed territory of the inhabited building; in the case of farmsteads, the territory may also not be enclosed. With respect to such losses, the Indemnity Limit shall be determined in the amount of EUR 500 per Insurance Year.

- 5.4. Losses incurred by the Insurance Object or the belonging thereof during a lightning stroke **as a result of overvoltage** shall be indemnified. With respect to such losses, the Indemnity Limit shall be determined in the amount of EUR 500 per Insurance Year.
- 5.5. If, upon the occurrence of the Insured Risk, the state or municipal authorities recognise the building or apartment as being in a dangerous/unsafe condition and immediately after the accident prohibits the Insured from entering it and taking their personal belongings, up to the moment of completion of the technical evaluation of the building or the apartment, the Insurer shall pay one-off compensation in the amount of EUR 1, 000 for the Insurance Object.

## 6. LIMITATIONS

- 6.1. Only when expressly specified in the insurance policy, shall the following be additionally insured:
- 6.1.1. hydrotechnical structures (berths, piers, etc.);
  - 6.1.2. apartment-related household premises, garage or underground car park. Nevertheless, the losses incurred within the scope of Clause 2.1.3 will be indemnified;
  - 6.1.3. buildings, auxiliary structures, premises that are not inhabited for the entire year;
  - 6.1.4. buildings, auxiliary structures where the works are being performed (repair, renovation, construction works, etc.) that require a construction permit in accordance with the regulatory enactments of the Republic of Latvia. When insuring such objects against damage having a causal relation with the works being performed, the deductible shall be determined in the amount of 10% of the amount of losses, but at least in the amount of EUR 430 per each event, unless a higher deductible is specified in the insurance policy;
  - 6.1.5. buildings not put into operation, auxiliary structures, parts thereof without a roof, windows or with other unfinished works, the performance whereof requires a construction permit in accordance with the regulatory enactments of the Republic of Latvia;
  - 6.1.6. valuables - jewellery, items made of precious metals, precious stones, paintings, fur coats, icons, registered weapons, wristwatches with a value exceeding EUR 1, 500, antiquities (items made more than 70 years before the day of occurrence of the Insured Event), collections (collected items of the same type, such as postal stamps, coins, and other collected items of scientific, historic or artistic value). Nevertheless, losses in the amount of 10% of the Sum Insured of the belongings specified in the insurance policy, but not exceeding EUR 5, 000 during the Contract Period, shall be indemnified;
  - 6.1.7. single axle trailers, road motor vehicles with an engine volume of up to 50 cm<sup>3</sup>, and all vehicles of other type with an engine volume of 50 cm<sup>3</sup> and more, not intended for driving on common use roads. The indemnity for the vehicles referred to in this Clause is only paid out in cases when the relevant vehicle, during

the occurrence of the risk event, is located in the closed premises at the insured address;

- 6.1.8. mobile phones and tablet computers against the Risk of Damage, if the insurance policy specifies the device brand, model and the unique identification code (IMEI code for a mobile phone, serial number for a tablet computer) and a photo of the mobile phone/tablet computer is attached in the annex to the insurance policy, which clearly shows the device in front view, to the full extent, and the screen of the device, besides, the screen of mobile phones, must depict and contain a clearly legible IMEI code, which may be opened by dialling the combination \*#06# on the phone.
- 6.2. If the belongings specified in Clause 6.1.6 are insured in accordance with the insurance policy, then the maximum Sum Insured of a single unit of such belongings or collection shall comprise EUR 1, 500. The Insurer and the Policy Holder may agree upon a larger Sum Insured, if the document confirming the acquisition itemising the belongings or a certified expert's opinion on the actual value of belongings is attached to the Insurance Contract.

## 7. EXCEPTIONS

- 7.1. Losses arising out of the following shall not be covered:
- 7.1.1. war, invasion, actions of a foreign enemy (with or without declaration of war), riot, revolution, commotion, public disturbances, military or usurped power;
  - 7.1.2. terrorism (within the meaning of the Criminal Law of Latvia). Furthermore, any losses and expenses incurred directly or indirectly in relation to any measures taken to prevent the losses caused or to be potentially caused by terrorism shall also be excluded;
  - 7.1.3. decisions adopted by the State, municipal or judicial authorities of the Republic of Latvia;
  - 7.1.4. nuclear explosion, radiation or radioactive contamination;
  - 7.1.5. exposure to asbestos and its compounds;
  - 7.1.6. malicious intent or gross negligence of the Insured, the Policy Holder, the Related Parties or the Third Parties whom the Insurance Object is transferred to for use or possession;
  - 7.1.7. impact of the wear and tear of the insured property, vibration, corrosion, dry or damp rot, mould, fungi or bacteria, insects, birds or animals, nevertheless the following shall be indemnified:
    - 7.1.7.1. losses to the insured property caused by the leakage of liquid or steam, if such have been caused due to the reasons referred to in Clause 7.1.7;
    - 7.1.7.2. losses for damage to glazing, caused due to the impact of animals or birds;
  - 7.1.8. short circuit or other electric phenomena (overvoltage, incomplete insulation, short circuit in winding or through the body, short circuit with the ground, failure of proper functioning of measuring or safety devices, etc.) of any kind of electric or electronic equipment and their insulation materials that have not caused the occurrence of the fire risk;
  - 7.1.9. damage to devices or equipment due to internal breakdown;
  - 7.1.10. cutting, welding, soldering or other works performed in the Insurance Object or

- Insurance Place with an open flame in a place not designated for such or at a place that is not equipped in accordance with the fire safety regulations and/or where such works are performed by a person (persons) who is (are) not specially trained or qualified to perform such works, and/or from items that were welded, soldered or processed with an open flame;
- 7.1.11. raising of the groundwater and wastewater level or overflow in wastewater collection systems, roof drain-pipes or the accumulation of condensate;
- 7.1.12. precipitation, hail, snow or mud penetrating the immovable property through windows, doors, roof, wall cracks or other apertures if they are not caused as a result of the occurrence of insured risks;
- 7.1.13. leakage in the Insurance Object's pipeline systems caused by the impact of water or other liquid;
- 7.1.14. environmental pollution, littering and/or contamination;
- 7.1.15. damage that does not affect the functionality of the Insurance Object and does not deteriorate the normal operation of the Insurance Object (e.g., scratches, stains etc.). However, such losses are indemnified if, within the same Insured Event, other damage which is to be reimbursed hereunder has also occurred, as well as in the case that such has occurred due to the Third-Party malicious action risk;
- 7.1.16. for immovable property in a state of emergency and the belongings located therein. Property shall be considered to be in a state of emergency, if the physical wear and tear thereof exceeds 70% or it has been acknowledged as an object in a state of emergency, unsuitable for living or dangerous by a competent state or municipal authority;
- 7.1.17. damage to or loss of temporary structures;
- 7.1.18. damage to or loss of premises, buildings or belongings being used for commercial activities;
- 7.1.19. failure to comply with the requirements of the legal acts, building standards, operational or fire safety regulations or the requirements of the administrative acts applicable in the territory of the Republic of Latvia, allowed for during construction or operation. Nevertheless, the cover shall include losses, upon the occurrence of a fire risk:
- 7.1.19.1. that has, in terms of a causal link, occurred due to the failure of a certified builder, with whom the Insured has concluded a written contract, to observe any of the norms of law enumerated in these Terms and Conditions;
- 7.1.19.2. that has, in terms of a causal link, occurred from the chimneys;
- 7.1.20. losses with respect to an arbitrarily constructed building without a design, the coordination of building development of which has not been performed in the construction board of the relevant local government, as well as loss of the belongings located in such a building;
- 7.1.21. damage to or loss of not built-in construction materials; however, losses with an Indemnity Limit of EUR 1,500 during the Insurance Year shall be indemnified;
- 7.1.22. damage to or loss of illegally acquired property;
- 7.1.23. damage to or loss of road vehicles with an engine of 50 cm<sup>3</sup> or more, and vehicles of all other kinds with an engine of 50 cm<sup>3</sup> or more, not intended for driving on common use roads, and watercraft and aircraft, as well as spare parts and equipment of all such vehicles;
- 7.1.24. error allowed for in planning or designing;
- 7.1.25. construction works or repair works performed in poor quality, use of low-quality or non-conforming materials;
- 7.1.26. injuries or death of animals as well as damage to or loss of soil, crops, forests, young stands, harvest, indoor plants; nevertheless, the losses of indoor plants shall be indemnified within the scope of this Clause 5.2.3 of the Terms and Conditions;
- 7.1.27. damage to or loss of securities, money, documents, acts, plans, original drawings, models, archive collections, databases and information carriers, however, the losses due to damage to or loss of OEM versions of computer software and other licensed software, if it is not possible to restore them, shall be indemnified;
- 7.1.28. loss of medicinal products, psychotropic substances; however, losses due to the loss of prescription medicinal products prescribed by a doctor and necessary on a regular everyday basis with an Indemnity Limit of EUR 100 per Insurance Year shall be indemnified;
- 7.1.29. loss of alcohol and tobacco products; however, losses with an Indemnity Limit of EUR 100 during the Insurance Year shall be indemnified;
- 7.1.30. damage to or loss of hygiene accessories, cosmetics; however, losses with an Indemnity Limit of EUR 100 during the Insurance Year shall be indemnified;
- 7.1.31. loss of food products; however, losses with an Indemnity Limit of EUR 100 during the Insurance Year shall be indemnified;
- 7.1.32. storage of belongings outside the buildings, apartments, structures if this is not provided for by the specificity of use of the belongings;
- 7.1.33. defrauding, misappropriation, extortion, mystical disappearance of property etc., circumstances;
- 7.1.34. as a result of the theft of belongings insured in accordance with Clause 5.3.1 taking place from the visible part of the vehicle (cabin, roof luggage rack, etc.);
- 7.1.35. when belongings are located in uninhabited buildings, auxiliary structures or premises; however, losses within the scope of the limit under Clause 5.3.1 shall be indemnified for belongings that have been located in locked uninhabited buildings, auxiliary structures or premises;
- 7.1.36. damage to or loss of immovable property acquired in an auction and not formally passed into the possession of the owner. With regard to such immovable property, the insurance cover shall come

into effect as of the day when the immovable property has formally passed into the possession of the owner, confirmed by the note of the bailiff in the respective act;

## **8. OBLIGATIONS OF THE POLICY HOLDER AND THE INSURED**

- 8.1. Chimneys and funnels must be cleaned at least once a year.
- 8.2. Under the circumstances of the foreseeable occurrence of the risk, protective and rescue measures of the Insurance Object must be taken immediately (e.g., cleaning of snow accumulating on the roof; relocation of belongings or protection of the buildings if they are endangered by storm, food, increasing water level, pieces of ice).
- 8.3. It shall be forbidden to use electric wires without insulation and/or with damaged insulation, damaged wall sockets and switches, as well as non-standard fuses or fuses not corresponding to the network voltage.
- 8.4. It shall be the duty of the Policy Holder and the Insured to comply with the public legal acts, building standards, technical operation, work safety and fire safety regulations applicable in the territory of the Republic of Latvia.
- 8.5. It shall be the duty of the Policy Holder and the Insured to take all safety and precautionary measures to maintain and protect the Insurance Object and to prevent losses or damage (e.g., not to leave any operating electric heating devices, burning candles or non-extinguished cigarettes without supervision for a long time).
- 8.6. During the validity period of the Insurance Contract, it shall be the duty of the Policy Holder and the Insured to inform the Insurer in writing about all circumstances known to them that could increase the probability of the occurrence of the Insured Risk, inter alia, about:
  - 8.6.1. changes in the security systems of the insured immovable property (i.e. fire safety and security guard alarm systems, etc.);
  - 8.6.2. any changes in the use of the Insurance Object or the characteristics of the Insurance Object before such changes are effected, including about the suspension or termination of use, reconstructions, rebuilding, repairs – before starting them.
- 8.7. If a security guard alarm system is specified in the insurance application and/or policy, it must be in working order and activated for the entire time period when the Insurance Object is left without supervision.
- 8.8. If a fire alarm system is specified in the insurance application and/or policy, it must be in working order and constantly activated.
- 8.9. It shall be the duty of the Policy Holder and the Insured to ensure that in cases when the outdoor air temperature is below 0 °C, the water is removed from the water supply, sewerage and heating systems of an Insurance Object that is not heated.
- 8.10. It shall be the duty of the Policy Holder and the Insured to inform the Insurer about the encumbrances and commercial pledges registered over the Insurance Object.

## **9. OBLIGATIONS OF THE INSURED AFTER THE OCCURRENCE OF THE INSURED RISK**

- 9.1. Upon the occurrence of an insured risk, the Insured shall immediately report it to the following authorities:
  - 9.1.1. in the case of fire - the State Fire and Rescue Service;

- 9.1.2. in the case of Third Party malicious actions - police;
  - 9.1.3. in the case of collision with a road vehicle - police;
  - 9.1.4. in the case of explosion - the relevant emergency service;
  - 9.1.5. in the case of a utility system emergency - the relevant emergency services and/or the manager (owner) of the insured immovable property or the municipal police.
- 9.2. The Insurer shall be entitled to refuse to disburse the insurance indemnity if the authorities referred to in Clause 9.1 do not confirm the fact of the occurrence of the respective Insured Risk.
  - 9.3. It shall be the duty of the Insured and/or the Policy Holder to immediately, as soon as possible, notify the Insurer of the occurrence of the Insured Risk and take all reasonable measures to minimise the losses.
  - 9.4. It shall be the duty of the Insured and/or the Policy Holder, as soon as possible, to notify the Insurer by phone or in writing of the occurrence of the Insured Risk or any event which might be considered an Insured Risk and to agree with the Insurer upon the time of inspection of the place of occurrence of the Insured Risk.
  - 9.5. After submission of the claim, it shall be the duty of the Insured to ensure the possibility for a representative of the Insurer or an expert appointed by the Insurer to inspect the place of occurrence of the Insured Risk and the damaged insurance object, as well as to provide for the possibility of the Insurer to perform an investigation to determine the causes of the occurrence and the amount of any losses.
  - 9.6. After the occurrence of the Insured Risk, it shall not be permissible to carry out any prevention of damage or to relocate, remove or restore the insured property or any parts thereof without the written consent of the Insurer. It shall only be permitted to take urgent reasonable measures to prevent further losses and avoid accidents.
  - 9.7. After inspecting the place of the occurrence of the Insured Risk, the representative of the Insurer shall prepare an inspection report of a specified form regarding the established losses and give instructions, the fulfilment whereof shall be mandatory for the Insured and the Policy Holder.
  - 9.8. If the Insurer fails to perform the inspection within 3 (three) business days of the receipt of the claim and fails to give notification about the reasons for the delay of the inspection and the duration thereof, the Insured shall be entitled to commence the cleaning and repair works.
  - 9.9. It shall be the duty of the Insured to prove the fact of occurrence and the amount of loss, as well as to submit all the information requested by the Insurer and the documents supporting it.
  - 9.10. It shall be the duty of the Insured and the Policy Holder, upon the request of the Insurer, to submit the list of damaged, stolen or destroyed insured property and the documents confirming the title thereto. The list must specify the value of the insured property and the condition thereof exactly before the occurrence of the Insured Event.
  - 9.11. The Insurer shall take the decision regarding the disbursement of the insurance indemnity or refusal to disburse the insurance indemnity within 15 (fifteen) days of the day of receipt of all the necessary documents, including the documents requested by the Insurer.
  - 9.12. If an administrative violation case or criminal case has been initiated against the Policy Holder or the Insured for damage to or destruction of the insured property, the Insurer shall only take the decision regarding the disbursement of the insurance

indemnity after the investigation has been completed or the court judgment or decision regarding termination of the criminal case has taken effect and has been submitted to the Insurer.

- 9.13. The Insurer shall be entitled not to disburse the insurance indemnity if the Insured or the Policy Holder:
- 9.13.1. has, in bad faith or due to gross negligence, misled the Insurer about the circumstances of the Insured Event or the amount of the loss;
  - 9.13.2. fails to demonstrate the remains of the damaged items, except for in the cases when they are destroyed to the full extent;
  - 9.13.3. has failed to submit the list of stolen or robbed items to the Police or the Police does not confirm the fact of the theft or robbery of separate items;
  - 9.13.4. has failed to meet the requirements set forth in Clauses 9.3, 9.5, 9.6, 9.9 and 9.11.

## 10. CALCULATION OF THE INSURANCE INDEMNITY

- 10.1. Determination of the amount of insurance indemnity for damage caused to the immovable and moveable property:
- 10.1.1. If the Insurance Object is insured at its reinstatement value, then, in the event of damage to or loss of the Insurance Object, the Insurer shall determine the amount of the insurance indemnity based on the reinstatement value of the object immediately before the moment of occurrence of the Insured Risk in compliance with the Under-insurance and Over-insurance terms and conditions;
  - 10.1.2. If the Insurance Object is insured at its **actual** value, then, in the event of damage to or loss of the Insurance Object, the Insurer shall determine the amount of the insurance indemnity based on the reinstatement value of the object immediately before the moment of occurrence of the Insured Risk, deducting the depreciation of the property and in compliance with the Under-insurance and Over-insurance terms and conditions.
  - 10.1.3. If the Insurance Object is insured at its **replacement** value, then:
    - 10.1.3.1. in the event of damage to or total loss of the Insurance Object, where the object can be reinstated, the Insurer shall determine the amount of insurance indemnity based on the reinstatement value of the object directly before the occurrence of the Insured Risk,
    - 10.1.3.2. in the event of total loss of the Insurance Object, when the object cannot be restored, the Insurer shall determine the amount of the insurance indemnity based on the replacement value (market value) of an equivalent object immediately before the moment of occurrence of the Insured Risk,
- 10.2. Additional terms and conditions for determination of the insurance indemnity amount in the event of damage to or destruction of an apartment:
- 10.2.1. If the apartment is insured at its reinstatement value, the insurance indemnity shall be equal to the lowest reinstatement expenses necessary to restore the insured immovable property in the quality and to the extent it was just before the moment of occurrence of the Insured Event.
  - 10.2.2. If the apartment is insured at its replacement value, the insurance indemnity shall be equal to the lowest reinstatement expenses necessary to restore the insured immovable property, if possible, in the quality and to the extent it was just before the moment of occurrence of the Insured Event, or, if it is not possible to restore the apartment, the amount of indemnity shall be equal to the replacement value (market value) immediately before the moment of occurrence of the Insured Event.
- 10.3. Additional terms and conditions for the determination of the amount of the insurance indemnity in the event of damage to, destruction or total loss of moveable property – household belongings:
- 10.3.1. In the event of destruction or total loss, the insurance indemnity amount shall be determined following the procedure prescribed in Table No. 1 of these Terms and Conditions.
  - 10.3.2. If a bicycle or a motorised vehicle with an engine of up to 50 cm<sup>3</sup>, or a grass-mowing tractor and rider with a capacity of up to 20 kW registered with the Road Traffic Safety Directorate is insured, the insurance indemnity shall be calculated based on their market value – the sum of money at which the Insurance Object can be sold in the domestic market of the Republic of Latvia according to the market demand for vehicles of the same make, model, year of issue or vehicles of similar configuration.
  - 10.3.3. In the event of damage, the lowest expenses required to restore the belonging in the quality and to the extent they were before the occurrence of the Insured Event shall be indemnified, however, not exceeding the maximum insurance indemnity amount specified in Table No. 1 of these Terms and Conditions in the case of the destruction or total loss of belongings.
  - 10.3.4. If valuables are insured, the amount of indemnity shall be determined based on the market value at the time, however, not exceeding the Sums Insured specified in the policy.
- 10.4. If the interior decoration works of the immovable property were performed more than ten years ago, then, when performing the calculation for the interior decoration works, the depreciation of such premises in the amount of 20% for every ten full years may be applied.
- 10.5. In the event of Under-insurance, the Indemnifiable Losses shall be calculated pro rata to the actual loss amount, comprised of the Sum Insured specified in the insurance policy to the value of the Insurance Object. For the purposes of this Contract, Under-insurance has occurred when the Sum Insured is lower than the value of the object by more than 10%.
- 10.6. In the event of Over-insurance, the amount of the insurance indemnity may not exceed the amount of the actual losses and the value of the insured property.
- 10.7. If the collision risk has occurred and the vehicle at fault in the collision is identified, the Insurer does not withhold the deductible specified in the policy when disbursing the insurance indemnity.
- 10.8. The insured property shall be recognised as fully destroyed, if the damage thereto exceeds 70% of the reinstatement value of the insured property immediately before the occurrence of the Insured Event. In such case:
- 10.8.1. if, at the request of the Insurer and with the consent of the Insured, the useful remains are kept by the



- Insured, then the insurance indemnity shall be calculated by deducting the value of the useful remains.
- 10.8.2. if, at the request of the Insurer and with the consent of the Insured, the useful remains pass into the ownership of the Insurer, then, when calculating the insurance indemnity, the value of the useful remains shall not be deducted.
- 10.9. If the destroyed insured immovable property is not being restored - the Indemnifiable Losses shall be determined in the amount of the market value, but not exceeding the reinstatement value of the property and/or the Sum Insured. If, after the disbursement of the indemnity in the amount of the market value, a construction permit for the performance of restoration works of the Insurance Object, a technical design of the restoration works of the object duly coordinated and approved following the procedures established in the legal acts applicable in the Republic of Latvia, a contract and total estimates of the restoration works of the object are submitted and the restoration construction works of the building are commenced, the Insurer shall disburse the difference to the Insured calculated by deducting the market value from the restoration or actual value, but not exceeding the Sum Insured of the immovable property specified in the policy.
- 10.10. The rights of the Insured to receive the insurance indemnity at the restoration value shall expire if the Insured fails to exercise them within 2 (two) years of the day of occurrence of the Insured Risk.
- 10.11. In cases when repair/restoration works of the Insurance Object are planned, the Insurer shall be entitled to establish the procedure for receipt of the insurance indemnity by splitting the amount of the insurance indemnity into several payments. The Insurer shall disburse the first portion of the insurance indemnity, which shall not exceed 50% of the total calculated amount of the insurance indemnity, after taking the decision regarding disbursement of the insurance indemnity, and the Insurer shall disburse the remaining parts of the insurance indemnity after the completion of the specified scope of the restoration/repair works.
- 10.12. The Insurer shall be entitled to designate the provider of the services of restoration of the Insurance Object. Subject to the written consent of the Insurer, the Insured shall be entitled to select a person who will carry out the restoration works of the Insurance Object. If the Insured wants the Insurance Object's restoration to be performed by a service provider selected by the Insured and the value of the restoration works exceeds the restoration offer by the service provider designated by the Insurer, the Insurer shall be entitled to calculate the insurance indemnity based on the cheapest offer for the restoration works submitted by the service provider.
- 10.13. It shall be the duty of the Insured to select one of the following ways of receiving the insurance indemnity, by notifying the Insurer in writing to this effect no later than within 15 (fifteen) calendar days after the submission of the insurance claim to the Insurer:
- 10.13.1. restoration or repairs of the Insurance Object - the insurance indemnity shall be disbursed to the service provider (repair company) in accordance with the concluded work performance contract and the estimate approved by the Insurer, considering the procedure for payment for the construction works or repair works prescribed by the legal acts of Latvia. In such a case, before the payment of Indemnifiable Losses, it shall be the duty of the Insured to pay the Insurer the deductible specified in the insurance policy. If the Insured is not willing to pay the referred to sum, the expenses of restoration, repairs or replacement shall be reduced by the amount of the deductible;
- 10.13.2. replacement of the destroyed object (building, apartment, belongings) with an equivalent one;
- 10.13.3. in monetary terms (in cash), taking into account the fact that, when disbursing the insurance indemnity for damage to or loss of the immovable property in cash, the insurance indemnity shall not include taxes imposed for the performance of the repair or restoration works. The calculation shall be performed based on the estimate of repair works coordinated with the Insurer.
- 10.14. If the Insured delays the term specified in Clause 10.12 of these Terms and Conditions, the Insurer shall be entitled to unilaterally determine the manner of receipt of the insurance indemnity in cash.
- 10.15. The Insurance Object shall be restored or replaced with an object of identical application, in terms of functionality, as that of the Insurance Object before the occurrence of the Insured Event.
- 10.16. The Insurer shall be entitled to deduct the unpaid share of insurance premium from the insurance indemnity to be disbursed for the entire validity period of the Insurance Contract.
- 10.17. If the Insurance Object is a building or an auxiliary structure and, after the occurrence of the Insured Event, it is established that the depreciation of the Insurance Object immediately before the occurrence of the Insured Event exceeded 40%, it shall be deemed that the Insurance Object has already been in such condition at the moment of conclusion of the policy and was insured at the actual value starting from the moment of conclusion of the Insurance Contract, even if the insurance policy states otherwise. The degree of depreciation shall be determined by the insurer, by involving a certified immovable property appraiser.
- 10.18. The sum insured for each separate object after disbursement of the insurance indemnity shall be renewed in full amount without the payment of an additional insurance premium, except for in cases where the property has been destroyed.
- 11. OTHER TERMS AND CONDITIONS**
- 11.1. The parties shall be entitled to review the amount of premium and Sums Insured for policies with a Contract Period of more than twelve months in the following case:
- 11.1.1. 12 months have passed since the commencement of the Contract Period;
- 11.1.2. and the annual inflation of the construction costs in accordance with the data of the Central Statistical Bureau ([www.csb.gov.lv](http://www.csb.gov.lv)) in the previous calendar year exceeds 6%;
- 11.2. by reviewing the conditions of the Contract in accordance with Clause 11.1;
- 11.2.1. the increase in premium does not exceed the amount of the annual inflation of the construction costs;
- 11.3. upon the occurrence of the case specified in Clause 11.1, the Policy Holder shall be entitled not to agree to the proposed changes of the premium and to unilaterally terminate the Insurance Contract. If the Insurance Contract is terminated, the Insurer shall return the unused share of the premium in full amount to the Policy Holder without deducting the costs of the Insurer related to the conclusion of the Insurance Contract.

Table No. 1. Procedure for determination of the amount of indemnity based on the initial acquisition value of the belongings upon the occurrence of the Insured Event. The amount of indemnity for mobile telephones, tablet computers and portable computers shall be determined based on the market value thereof at the moment of occurrence of the Insured Event.

<b>Age of belongings in years</b>	<b>1-5 years</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10 and more</b>
Precious and solid wood furniture, tableware, musical instruments, interior design items	100%	80%	70%	65%	60%	50%
Natural fur clothing, tapestry, books, home textile, construction materials, lighting equipment, weapons	100%	80%	75%	70%	65%	60%
Sports goods, incl., bicycles, baby carriages and boats, tools, electric tools, garden equipment, garden furniture (wooden), furniture (except for precious and solid wood furniture), holiday decorations (for example, Christmas decorations), optics, carpets, sewing machines, knitting machines, household items (pots, frying pans, etc.)	100%	60%	50%	40%	30%	30%
Audio equipment, video equipment, TV, household equipment, stationery goods, communications equipment, computer hardware and peripherals, photo equipment, garden furniture (of materials other than wood)	100%	50%	40%	30%	30%	30%
Clothing, footwear, bed linen, accessories	100%	50%	40%	30%	30%	30%