



Property Insurance Terms and Conditions for Merchants No 5.9

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Property Insurance Terms and Conditions for Merchants No 5.9

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The insurance terms and conditions in English are a translation and are for informational purposes only. In the event of signing an insurance contract, only the insurance terms and conditions in Latvian have legal force.

1. Terms and Definitions

Terms used in these Terms and Conditions but not explicitly defined herein, shall bear the same meaning as defined in the General Insurance Terms and Conditions of ADB "Gjensidige" Latvian branch.

- 1.1. **Insurable Object** – as specified in the Insurance Contract:
 - 1.1.1. **Property** – Real Estate or Immovable Property held by the Insured under a right of ownership or contractual obligation;
 - 1.1.2. **Interruption of business activity** – Financial loss or Loss of rent/lease payments.
- 1.2. **Losses** – an amount of money payable for the Insured Event or expenses for services in accordance with the Terms and Conditions of the Insurance Contract before the application of provisions of the Underinsurance and deduction of the value or the salvage of the Insurable Object and deductible.
- 1.3. **Loss assessment method** – method specified in the Insurance Contract for the assessment of losses caused to the Insurable Object – Property, which is applied during the calculation of the Insurance Indemnity.
- 1.4. **Value of the Insurable Object** – value of the Insurable Object – Property, which is calculated based on the Loss assessment method specified in the Insurance Contract.
- 1.5. **Restoration Value** – loss assessment method for the Insurable Object – Real Estate, which defines that the losses are the least expenses required to restore the Insurable Object to the former quality (directly prior to the occurrence of the Insured Event), compensating all costs of design and construction.
- 1.6. **Actual value** – loss assessment method, which defines that the losses for the Insurable Object – Real Estate are the Restoration Value of the Insurable Object, less the wear and tear (directly prior to the occurrence of the Insured Event).
- 1.7. **Replacement value** – loss assessment method for the Insurable Object – Movable Property, which defines that the losses are the least expenses required to:
 - 1.7.1. purchase an object equivalent to the Insurable Object (of the same or equivalent quality) in the event of the total loss of the Insurable Object.
 - 1.7.2. restoration of the Insurable Object to the previous quality (directly prior to the occurrence of the Insured Event) in the event of the damage of the Insurable Object. When reimbursing the losses on equipment (production equipment and machinery), which is less than 10 years old, the replacement cost will be calculated without considering the depreciation, while for equipment, which is more than 10 years old, the replacement cost will be calculated considering the depreciation and the replacement cost will be reduced by the amount of depreciation.
- 1.8. **Depreciation** – reduction of the value of the Insurable Object – Property due to its use, age, decreased options for use or other similar reasons. In order to calculate the depreciation, the depreciation specified in the Real Estate technical inventory or cadastral survey file, recalculating it to the real time or depreciation stated by and independent expert may be taken into consideration.



- 1.9. **Market value** – the market value of the Real Estate set by a certified property appraiser in compliance with the approved standards of the Latvian Association of Property Appraisers for establishing Market Value of the property.
- 1.10. **Total loss** – an event shall be deemed as the total loss of the object when its losses exceeds 70% (seventy per cents) from the value of the Insurable Object as it was directly prior to the occurrence of the Insured Event.
- 1.11. **Permanently unoccupied property** – Real Estate (Insurable Object) where no economic activity is carried out or which is left without a person's physical supervision or without continuous technical or physical protection for more than 30 consecutive days.
- 1.12. **Third party** – any person apart from the Related persons, Policyholder and Insured.
- 1.13. **Related person** – employees of the Insured or the Policyholder or persons with whom the Insured or the Policyholder have signed an agreement of lease, rent, lending, loan or any other type of agreement on the Insurable Object or any part thereof that entitles to use the insured property, as well as the custodial services agreement and persons, who use the Insurable Object with a permission of the Policyholder or the Insured.
- 1.14. **Underinsurance** – a situation when the Sum Insured is less than the value of the Insurable Object (Insurable Object – Property) or the amount (Insurable Object – Interruption of Business Activity) for more than 15% (fifteen per cents).
- 1.15. **Overinsurance** – a situation when the Sum Insured exceeds the value of the Insurable Object (Insurable Object – Property) or the amount (Insurable Object – Interruption of Business Activity).
- 1.16. **Business activity** – business activity of the Insured (e.g. manufacturing, selling a product, Real Estate renting or leasing, providing a service) as specified in the Insurance Contract.
- 1.17. **Financial loss** – reasonable and verifiable loss of Profit of the Insured before tax that would have been made if the Insured Event had not occurred, and the Fixed Expenses that the Insured is obliged to pay after the occurrence of the Insured Event.
- 1.18. **Profit before tax** – the profit of the Insured before tax derived from his Business Activity.
- 1.19. **Fixed expenses** – expenses that do not change with the volume of the Business Activity during a specified interval of activity and which the Insured must bear even if the Business Activity cannot be carried on as a result of an Insured Event.
- 1.20. **Variable expenses** – expenses that change as the size of the Business Activity changes.
- 1.21. **Rent/lease payment** – the income of the Insured under a written agreement to rent or lease Real Estate or part of it.
- 1.22. **Loss of rent/lease income** – reasonable and verifiable loss of rent/lease income of the Insured after the occurrence of the Insured Event.
- 1.23. **Additional costs** – additional expenses to restart the Business Activity more quickly (e.g. overtime pay, expedited freight costs, air freight costs, advertising costs, costs of engaging experts), which are specified in the Insurance Contract.
- 1.24. **Indemnity period** – the maximum period of time (in months) specified in the insurance contract for which the Insurer will calculate the loss in the event of Interruption of Business Activity. The indemnity period starts when the insured event occurs and ends whichever comes first:
 - 1.24.1. the Property damaged in case of insured event is restored or replaced;
 - 1.24.2. The Insured is able to continue the Business Activity;
 - 1.24.3. The Indemnity Period specified in the insurance contract has expired.



- 1.25. **First Risk Loss** – the principle for calculating the insurance indemnity (first loss), according to which the indemnity is paid within the Sum Insured without applying the provisions on Underinsurance.
- 1.26. **Limit of indemnity** – the maximum indemnifiable loss during the Period of Insurance in the event of the occurrence of a specified risk or for the indemnification of a specified type of loss. The limit of indemnity is included in the sum insured, unless otherwise specified in the Insurance Contract. In the event of defining a limit of indemnity, the Underinsurance rules do not apply.

2. Insurable Object – Property

Insurable Object – Property is a Real Estate or movable property specified in the Insurance Contract.

2.1. Insurable Object – Real Estate:

The Real Estate can be:

2.1.1. Building:

- 2.1.1.1. **Structures** – the structural elements of a building which are permanently attached to the ground, which are integral parts of the building and which cannot be altered or removed without damaging the structure of the building (including: foundations, slabs, roof, balconies, loggias, terraces, gutters, doors and windows, their glazing, external blinds and awnings, external finishes, internal finishes, lifts, escalators, stairs connected to the building);
- 2.1.1.2. **Engineering networks** – engineering networks necessary for the use of the building (water supply and sewerage systems, rainwater drainage systems, heating systems, gas supply systems, ventilation and conditioning systems, electricity systems, including built-in lighting objects), which are inalienable part of the building inside of the building, as well as outside up to their connections to the main pipelines, if those are located on the territory possessed by the Insured;
- 2.1.1.3. **Systems** – fire-safety, security, communication systems, radio, TV antennas and their equipment, which is inalienable part of the building inside of the building, as well as outside up to their connections to the service providers, if those are located on the territory possessed by the Insured;
- 2.1.1.4. **Commodities of the territory** – gates, fences, boom barriers, sheds and protective walls in the insured territory, which are not parts of the building, outdoor pools, lighting objects permanently connected to the ground, flagpoles, surfacing of the yards and territories (including pavements, pedestrian routes and vehicle parking areas). Indemnity limit for the Commodities of the territory shall be defined in the amount of 10% from the Sum Insured of the building, but no more than EUR 20 000 during the period of validity of an insurance contract;
- 2.1.1.5. **Signboards** – advertising and other information boards installed to the external constructions of the buildings and are not part of the buildings. Insurance indemnity limit for the Insurable Objects specified in this sub-Clause shall be defined in the amount of 10% from the Sum Insured of the building, but no more than EUR 20 000 during the period of validity of an insurance contract.
- 2.1.1.6. **Part of the joint property** – a part of the joint property legally connected to the building.
- 2.1.2. **Parts of the building of the joint property** – parts of the building (in compliance with Clause 2.1.1), which are in the joint property of the owners of the building up to their connection to the separate Real Estates.

2.1.3. Premises:

- 2.1.3.1. **Structures** – the structural elements of premises or their structures, which are integral parts of the premises and which cannot be altered or removed without damaging the structure of the building – up to the load-bearing structures of the building (including: doors and windows of the premises, their glazing, external blinds and awnings, internal finishes, lifts, stairs);
- 2.1.3.2. **Engineering networks** – engineering networks necessary for the use of the premises (water supply and sewerage systems, heating system, gas supply system, ventilation and conditioning systems, electricity systems, including built-in lighting objects), which are built-in and are



located inside the premises up to their connections with the premises of the joint property of the building or outside, are installed to the external constructions of the building and are functionally connected to the systems inside;

- 2.1.3.3. **Systems** – fire-safety, security, communication systems, radio, TV antennas and their equipment, which are built-in and are located inside the premises up to their connections with the premises of the joint property of the building or outside, are installed to the external constructions of the building and are functionally connected to the systems inside;
 - 2.1.3.4. **Part of the joint property** – a part of the joint property legally connected to the premises.
 - 2.1.3.5. **Commodities of the territory** – gates, fences, boom barriers, sheds and protective walls in the insured territory, which are not parts of the building, outdoor pools, lighting objects permanently connected to the ground, flagpoles, surfacing of the yards and territories (including pavements, pedestrian routes and vehicle parking areas). Indemnity limit for the Commodities of the territory shall be defined in the amount of 10% from the Sum Insured of the building, but no more than EUR 20 000 during the period of validity of an insurance contract;
 - 2.1.3.6. **Signboards** – advertising and other information boards installed to the external constructions of the buildings and are not part of the buildings. Insurance indemnity limit for the Insurable Objects specified in this sub-Clause shall be defined in the amount of 10% from the Sum Insured of the building, but no more than EUR 20 000 during the period of validity of an insurance contract.
- 2.1.4. **Leased premises renovation investments** – expenditure incurred on the renovation of leased premises that can be proven by documents.

2.2. Insurable Object – Movable Property:

The Movable Property can be:

- 2.2.1. **Equipment and facilities** – fixed or portable furniture (including shelving, portable walls) and equipment, office machinery, electronic equipment, technological equipment (including its foundations), systems and equipment intended for use in the production process;
- 2.2.2. **Goods** – goods for sale or in production (including raw materials and semi-finished goods), or goods in storage.

3. Insured salvage and storage expenses

- 3.1. For the Insurable Object – Property, the insurance coverage includes the following costs and expenses related to the insured event:
 - 3.1.1. reasonable and proved expenses of the Insured for emergency elimination of damages and reduction of losses, and for rescue measures;
 - 3.1.2. fire fighting expenses that are reasonable and required to prevent the loss of the insured property or to reduce the losses, except labour costs and suchlike payments;
 - 3.1.3. The Insured person's expenses for removal of ruins and cleaning works, and the removal and destruction of the damaged property, dismantling of equipment, breaking down of parts of buildings or enlarging openings, not exceeding the Indemnity limit of 10% from the Sum Insured of the Insurable Object
 - 3.1.4. The expenses of the Insured for storage of the Movable Property up to 12 months or transportation to/from the place of storage in the territory of the Republic of Latvia, if the Real Estate in which it was located may not be used after the insured event. The limit of indemnity for such expenses shall be no more than 10% of the sum insured of the damaged Insurable Object, not exceeding EUR 20 000 during the period of validity of an insurance contract.
 - 3.1.5. Inspection of fluid leakage site – the cost of identifying the location and cause of a leakage, including testing with moisture detection equipment, removal of finishes and structures to the leak site. The limit of indemnity shall be no more than EUR 3 000 during the period of validity of an insurance contract.



4. Not Insurable object – Property

4.1. Unless specified in the insurance contract, the following objects shall be not Insurable Object – **Real Estate**:

- 4.1.1. structures, buildings not intended for permanent use (mobile carts, containers, inflatable structures, tents, greenhouses, etc.) or not permanently attached to the ground;
- 4.1.2. unfinished buildings, constructions and structures or those being under construction;
- 4.1.3. spatially unsustainable building in a state of emergency, or a building that has completely or partially collapsed or whose Depreciation exceeds 70%, or which has been recognized as an environmentally degrading, collapsed, unusable or safety-threatening object by a state or local government institution, unless the Insurance Contract separately states the condition of such Building, as well as any property therein;
- 4.1.4. buildings or premises constructed without a building plan or not constructed as required by a building plan;
- 4.1.5. property and possessions permanently unused;
- 4.1.6. Monuments, cultural monuments or cultural-historical objects and the like (including castles, churches, manor houses);
- 4.1.7. ship piers, pontoons, canals, jetties, dams, bridges;
- 4.1.8. roads, pavements, car parks, stadiums, squares, overpasses, tunnels;
- 4.1.9. forests, crops, plants, trees, domestic animals and other living organisms;
- 4.1.10. overhead power lines.

4.2. Unless specified in the insurance contract, the following objects shall be not Insurable Object – **Movable Property**:

- 4.2.1. Movable property placed outside buildings and premises, unless the nature of the property provides for such placement;
- 4.2.2. Movable property placed outside buildings and premises if the territory in which it is located is not fenced around the perimeter and is not provided with technical or physical security at all times;
- 4.2.3. jewellery, medals, coins, stamps and other collections;
- 4.2.4. samples, models, prototypes, custom-made items, self-made devices or objects.
- 4.2.5. paintings, sculptures, exhibition specimens, unique, antique and other objects of artistic value;
- 4.2.6. documents, deeds, plans, original drawings, models, archive collections, photographs, slides, films;
- 4.2.7. property belonging to the Insured, the Policyholder, Related Persons, Third Parties, except property put at the disposal of the Insured on the basis of a contract;
- 4.2.8. cash, bank cards, securities (e.g. collateral, cheques), lottery tickets, etc.;
- 4.2.9. data, databases, storage media (e.g. disks, USB), which are non-OEM versions of computer programs (i.e. not purchased with the computer, such as Microsoft Windows, Microsoft Office);
- 4.2.10. gaming machines, money exchange or money deposit machines, and other money circulation facilities;
- 4.2.11. weapons, including nuclear weapons, ammunition and explosives;
- 4.2.12. radioactive substances;
- 4.2.13. means of transport, as well as water, air and rail transport;
- 4.2.14. mobile machinery (other than means of transport), used in the construction, agriculture, forestry operations, at warehouses, ports, service provision.

5. Insurable Object - Interruption of Business Activity

Interruption of Business Activity can only be only insured if the Property is insured. An Insurable Object may be:

- 5.1. Financial losses;
- 5.2. Lost rent/lease payments.



6. Additional expenses – in case of Interruption of Business Activity

For the Insurable Object – Interruption of Business Activity, the insurance coverage may include the Additional expenses specified in the insurance contract up to the specified limit of indemnity during the validity period of the Insurance contract.

7. Not Insurable Object – Interruption of Business Activity

- 7.1.1. Unless specified in the insurance contract, Interruption of Business Activity shall be not reimbursed:
- 7.1.1.1. losses not directly attributable to the Business Activity (e.g. interest income, income from equity, securities, Real Estate and land transactions);
 - 7.1.1.2. transport costs associated with the performance of the Business Activity;
 - 7.1.1.3. turnover-related costs (e.g. royalties, fees arising from the use of copyright);
 - 7.1.1.4. insurance premium payments related to ensuring the Business Activity (e.g. cargo, goods insurance);
 - 7.1.1.5. taxes related to turnover, including VAT, excise duties, customs duties, income tax;
 - 7.1.1.6. any fines, penalties, claims arising from the Insured Person's failure to perform or insufficient performance of his contractual obligations;
 - 7.1.1.7. the cost of winding up the company;
 - 7.1.1.8. other variable expenses associated with the performance of the Business Activity;
 - 7.1.1.9. loss resulting from the failure of the Insured Person's counterparties to perform their contractual obligations;
 - 7.1.1.10. expenditure not supported by accounting documents;
expenses incurred as a result of inadequate financial accounting, if as a result it is not possible to determine the amount to be reimbursed by the Insurer;

8. Insured risks

The Insurance shall be valid only with regard to the risks specified in the insurance contract. If the risk is not specified in the insurance contract, it is not insured. Before concluding an insurance contract, you can choose to insure the Named risks or All risks, with or without the Additional risks.

Named risks

8.1. Fire risks

- 8.1.1. **An Insured Event** is damage to the Insurable Object as a result of the following sudden and unforeseen events:
- 8.1.1.1. **fire** – unforeseen and uncontrollable burning with open flames. Damage caused to the Insurable Object due to soot, smoke and fire fighting activities, if that has been caused by fire;
 - 8.1.1.2. **lightning strike** – a direct lightning strike on the Insurable Object resulting in external physical damage to the Insurable Object;
 - 8.1.1.3. **explosion** – instantaneous (explosive) chemical reaction of a substance or mixture that causes increased pressure (a shock wave). Explosion of a reservoir shall mean a sudden destructive expression of pressure force when the walls of the reservoir are destroyed to the extent that the pressure within and outside of the reservoir levels off;
 - 8.1.1.4. **aircraft damage** – the impact of a manned or unmanned aircraft, its parts or the cargo it carries on the Insurable Object.
- 8.1.2. Further to the General exceptions, the following **losses shall not be indemnified**:
- 8.1.2.1. only due to overheating, melting or smouldering if no Fire risk occurred;



- 8.1.2.2. due to explosions caused by firearms, substances, equipment or devices in which the energy of the explosion is deliberately used;
- 8.1.2.3. due to internal alignment of pressure (implosion).

8.2. Natural risks

8.2.1. Storm and hail

- 8.2.1.1. **An Insured Event** is damage to the Insurable Object as a result of the following sudden and unforeseen events:
 - a) wind with the speed above 15 m/s;
 - b) direct exposure to precipitation in the form of ice grains;
- 8.2.1.2. Storm and hail damage is also reimbursed:
 - a) when precipitation enter through building structures damaged by storms and hail;
 - b) if the wind speed could not be confirmed by the Latvian Environmental, Geological and Meteorological Centre, but it is clearly established that as a result of this storm other buildings and structures in the vicinity of the Insurable Object have been damaged or if the moment of its occurrence on the Insurable Object is recorded in video or photographic form.
- 8.2.1.3. Further to the General exceptions, the following losses shall not be indemnified:
 - a) electrical damage to equipment caused by storm or hail, unless the risk Electric phenomena is insured;
 - b) floods caused by a storm, if the risk "Floods" is not insured;

8.2.2. Continuous snowing

- 8.2.2.1. **An Insured Event** is damage of the Insurable Object by a sudden and unforeseen increase of a snow layer by at least 100 mm in the period of 48 hours if the damages have occurred during snowing or no later that within 48 hours after the end of such snowing;
- 8.2.2.2. **The damages shall be also reimbursed**, if the amount of precipitation could not be confirmed by the Latvian Environmental, Geological and Meteorological Centre, but it is clearly established that as a result of this Continuous snowing other buildings and structures in the vicinity of the Insurable Object have been damaged.
- 8.2.2.3. Further to the General exceptions, the following **losses shall not be indemnified**:
 - a) if the technical condition of the roof does not comply with construction regulations or the regulatory enactments related to the operation of the property and the removal of snow from the roof have not been complied with, or the Insured has failed to ensure that the snow has been removed from the roof within 48 hours from the end of a continuous snowfall. The 48 hours referred to in this paragraph do not include weekends and public holidays;
 - b) if the roof of the building was not cleaned before continuous snowfall and the thickness and weight of the snow layer increased as a result of repeated snowfall.

8.2.3. Floods

- 8.2.3.1. **An Insured Event** is damage to the Insurable Object as a result of sudden and unexpected flooding, including due to storm, overflow of natural or artificial bodies of water.
- 8.2.3.2. In addition to the General exceptions, **damages are not indemnified** if such flooding is of a periodic (seasonal) nature and occurs more than once every 5 years in the territory where the Insurable Object is located.

8.2.4. Earthquake – vibrations of the Earth crust above 4 balls according to the Richter scale;

8.2.5. Tree Fall – sudden and unexpected fall of trees, masts, poles, other objects or substances in the vicinity of the Insured object, including as a result of storm, snow load, hail, lightning, as well as as a result of prolonged biological or chemical processes that could not be visually detected beforehand, and fall of such objects or substances caused by acts or omissions of Third Parties, including as a result of a vehicle impact caused by the Insured, Related Parties and Third Party.

8.3. Fluid leakage or steam escape

- 8.3.1. **An Insured Event** is damage to the Insurable Object as a result of a sudden and unexpected leakage of water or steam if:



- 8.3.1.1. internal or external pipelines (branching from the building to the main pipeline) necessary for the operation of the property are ruptured or burst;
- 8.3.1.2. production facilities, their systems or equipment is ruptured;
- 8.3.1.3. broken or damaged main pipelines of water, rain, domestic sewage, waste water, heating system.
- 8.3.2. **The following damages shall be also reimbursed:**
 - 8.3.2.1. due to automatic response of properly operated fixed automatic fire-extinguishing systems and equipment;
 - 8.3.2.2. due to blockages in the building's internal water supply and sewerage system (e.g. clogging etc.);
 - 8.3.2.3. due to a leakage of liquid from Third Party premises.
 - 8.3.2.4. internal and external pipelines, if the Insurable Object is Real Estate. The limit of indemnity for Named risks package in case of rupture or burst external pipelines is set at EUR 10 000 during the insurance contract period.
- 8.3.3. Further to the General exceptions, the following **losses shall not be indemnified:**
 - 8.3.3.1. as a result of a coolant leak;
 - 8.3.3.2. as a result of leaks in engineering communications;
 - 8.3.3.3. as a result of accumulation of condensate;
 - 8.3.3.4. for filling pipelines or process plant, systems and equipment with liquid;
 - 8.3.3.5. to goods if they are not placed on a hard pallet at least 10 cm above the floor level;
 - 8.3.3.6. as a result of frost, unless the risk "Utilities breakdown due to fros" is insured.

8.4. Damage caused by Third Parties:

- 8.4.1. **An Insured Event** is damage to or loss of the Insurable Object – Property as a result of the following sudden and unforeseen events, if caused by Third Parties:
 - 8.4.1.1. **Theft** – secret or undisguised stealing of the Insurable Object:
 - a) by entering locked buildings or premises with evident traces of a burglary;
 - b) if the key, remote control or security code for the building or premise has been stolen or hijacked immediately before the Theft, as evidenced by a police certificate;
 - c) taking, damaging or destroying the Engineering Networks and Systems located outside the Building or Premises;
 - 8.4.1.2. **Robbery** – larceny of the Insurable Object, if that is connected with violence or threats of violence;
 - 8.4.1.3. **Malicious damage** – deliberate destruction or damage of the Insurable Object that is not related to the risk "Theft" or "Robbery". In case of malicious damage caused by marking or painting the Insurable Object, the limit of indemnity shall be 3% of the Sum Insured of the Insurable Object, but not exceeding EUR 5 000, during the Insurance contract period.
 - 8.4.1.4. **Vehicle impact** – direct and mechanical impact of any type of land vehicle, mobile machinery (including loading or unloading machinery), railway vehicle (including loading or unloading machinery), watercraft, as well as equipment or parts thereof in connection therewith, and the cargo they carry, on the Insured Item.
 - 8.4.1.5. Further to the General exceptions, the following **losses shall not be indemnified:**
 - a) if no measures have been taken against the entry of Third Parties into the Insurable Object (unlocked door, windows etc.);
 - b) discovered as a loss or shortfall during an inventory;
 - c) as a result of fraud, embezzlement, extortion.
 - 8.4.1.6. **Damage to glazing** – damage to the structure, glazing of the Insurable Object – resulting from a person's act or omission. Losses caused by Related Persons, the Policyholder or the Insured shall be indemnified.

All risks

8.5. All risks

- 8.5.1. **An Insured Event** is damage to the Insurable Object – Property as a result of any sudden and unforeseen event, except for the exclusions set out in these Terms and Conditions.
- 8.5.2. The following damages **shall be also reimbursed:**
 - 8.5.2.1. Flooding caused by storm water runoff up to a maximum limit of EUR 7 000 during the period of validity of an insurance contract;
 - 8.5.2.2. Vehicle impact – direct impact of any type of land vehicle, mobile machinery (including loading or unloading machinery), rail transport (including loading or unloading machinery) on



the Insurable Object as a result of the actions of Third Parties, the Insured, the Policyholder or Related Parties.

8.5.3. Further to the General exceptions, the following **losses shall not be indemnified**:

8.5.3.1. listed as non-indemnifiable damage under each of the Named risks;

8.5.3.2. Additional risks, unless they are specified as insured risks in the insurance contract.

Additional risks

8.6. Electric phenomena

8.6.1. **An Insured Event** is a visually noticeable physical damage to the Insurable Object caused by sudden and unforeseen electrical fluctuations, overvoltage, undervoltage, earth fault, including indirect lightning strike. The limit of indemnity shall be no more than EUR 10 000 during the period of validity of an insurance contract.

8.6.2. Further to the General exceptions, the following **losses shall not be indemnified**:

8.6.2.1. losses caused by regular or pre-announced (e.g. electricity, gas, heat) power cuts by the service producer or supplier;

8.6.2.2. errors or malfunctions of any microprocessor hardware (computers, technological equipment, control systems etc.) and its software.

8.6.2.3. if damage has occurred to electrical protection devices or their parts, which are intended for protection against electrical overvoltage, including lightning protection devices, short-circuit or undervoltage protection, and the damage to these devices is their correct and predictable operation.

8.7. Utilities breakdown due to frost

8.7.1. **An Insured Event** is damage to the Insurable Object as a result of a sudden and unforeseen leakage of water due to rupture or bursting of internal or external pipelines necessary for the operation of the Real Estate (branching from the building to the main pipeline) due to frost. The limit of indemnity shall be set to EUR 10 000 during the period of validity of an insurance contract.

8.7.2. **The following damages shall be also reimbursed**:

8.7.2.1. internal and external pipelines, if the Insurable Object is Real Estate.

8.7.3. Further to the General exceptions, the following **losses shall not be indemnified**:

8.7.3.1. as a result of a coolant leak;

8.7.3.2. as a result of leaks in engineering communications;

8.7.3.3. as a result of accumulation of condensate;

8.7.3.4. for filling pipelines or process plant, systems and equipment with liquid;

8.7.3.5. to goods if they are not placed on a hard pallet at least 10 cm above the floor level;

8.7.3.6. if the Insurable Object is a property that is permanently unoccupied.

8.8. Flooding caused by stormwater runoff

8.8.1. **An insured event** is damage to the Insurable Object as a result of sudden and unforeseen exposure of the Insurable Object to water (including sewage), sediment or water-borne objects, if the surface of the ground is unable to absorb the extreme amount of water due to rain. The limit of indemnity shall be no more than EUR 7 000 during the period of validity of an insurance contract.

8.8.2. Further to the General exceptions, **no indemnity will be provided** if such flooding has occurred in the territory in which the Insurable Object is situated within the last five years.

8.9. Losses caused by tenants, service providers

8.9.1. **An insured event** is sudden and unforeseeable direct physical damage to the Insurable object caused by the malice or gross negligence of the tenants or service providers of the Real Estate of the Insured. The limit of indemnity shall be set to EUR 10 000 during the period of validity of an insurance contract.

8.9.2. The payment of the insurance indemnity for damage caused by the tenant or service provider is subject to the existence of a valid written contract (e.g. rental agreement, service contract) between the tenant or service provider and the Insured;

8.9.3. If the Insurable Object is damaged as a result of theft without any signs of burglary, the insurance indemnity will be paid only after the Insurer has received evidence that clearly proves the fault of the tenant or service provider in causing the damage.



8.10. Losses caused by tenants

- 8.10.1. **An insured event** is sudden and unforeseeable direct physical damage to the Insurable object caused by the malice or gross negligence of the tenants of the Real Estate of the Insured. The limit of indemnity shall be set to EUR 10 000 during the period of validity of an insurance contract.
- 8.10.2. The condition for payment of the insurance indemnity for damage caused by tenants is the existence of a valid written contract (e.g. a rental agreement) between the tenant and the Insured;
- 8.10.3. If the Insurable Object is damaged as a result of theft without any signs of burglary, the insurance indemnity will be paid only after the Insurer has received evidence that clearly proves the fault of the tenant in causing the damage.

8.11. Breakdown of insurance protection into Named risks and All risks

For information, the table shows the risks that are included in the insurance contract (in black) and the risks that the policyholder can choose to include in the insurance contract (in green).

	Named risks	All risks
	Losses arising from sudden and unexpected events within the limits of the selected risks, except for exceptions specified in the Terms and Conditions.	Losses arising from any sudden and unforeseeable event, except for exceptions specified in the terms and conditions
Fire risks	√	√
Fire	+	+
Lightning stroke	+	+
Explosion	+	+
Aircraft damage	+	+
Natural risks	√	√
Storm	+	>15 m/s
Hail	+	+
Continuous snowing	100 mm / 48h, as well as 48 h afterwards	+
Floods	if the territory is flooded no more than once every 5 years	+
Flooding caused by stormwater runoff		√
Earthquake	+	Vibrations of the Earth above 4 on the Richter scale;
Tree fall	+	√
Fluid leakage or steam escape	√	√
Due to rupture of internal and external pipelines	+	+
due to blockages in the internal water supply and sewerage system	+	+
Rupture of technological equipment	+	+
Leakage from Third Party Premises	+	+
Repairs to internal piping (if the object is Real Estate)	+	+
Repair of external pipelines (if the object is Real Estate)	+	10 000 EUR
Due to the responsiveness of automatic fire extinguishing systems	+	+
Damage caused by Third Parties	√	√
		no restrictions
		no restrictions
		Indemnity limit EUR 7 000
		Vibrations of the Earth above 4 on the Richter scale;
		no limit on the indemnity



Theft	+		+	
Robbery	+		+	
Malicious damage	+		+	
Vehicle impact (direct impact by land vehicle, mobile machinery, railway transport)	+	Damage caused by Third Parties	+	Damage caused by Third Parties unintentional damage caused by the Insured, Policyholder, Related Parties
Damage to glazing	+		√	
Other damages				
Damage caused by the Insured, Policyholder, Related Persons (excluding malicious intent or gross negligence)	+	As long as the insured risk has occurred	+	
Damage caused by tenants (excluding malicious intent or gross negligence)	+	As long as the insured risk has occurred	+	
Additional risks – if specified in the insurance contract				
Electric phenomena	√	10 000 EUR	√	10 000 EUR
Utilities breakdown due to frost	√	10 000 EUR	√	10 000 EUR
Flooding caused by stormwater runoff	√	7 000 EUR	√	7 000 EUR
Losses caused by tenants, service providers	√	10 000 EUR	√	10 000 EUR
Losses caused by tenants	√	10 000 EUR	√	10 000 EUR

8.12. Losses to be reimbursed additionally for Immovable and Movable Property

The Insurance of additional losses is valid in addition to **Named risks** and **All risks**. The insurer will not indemnify for losses under **"General exceptions"** unless otherwise stated in the Insurance contract.

8.12.1. **Personal belongings of employees.** Insured Event, at the same time as damage to the Insurable Object, damage is also caused to personal belongings owned by the Insured's employees or Related Persons and located in the insured Real Estate. The limit of indemnity for these losses is EUR 7 000 during the period of validity of an insurance contract, but not more than EUR 700 per person.

8.12.1.1. When calculating the loss for the damage of mobile phones or smartphones, depreciation is not taken into account if less than 2 years have passed since the year the phone was made.

8.12.1.2. Further to the General exceptions, the following **losses shall not be indemnified**:

- a) damage to motor vehicles owned by the Insured's employees or Related Persons;
- b) losses arising from theft or robbery, provided that apart from the personal property of the Insured's employees or Related Persons the Insurable Object is not stolen or robbed.

8.12.2. **Low value assets** – The sum insured shall cover the loss incurred if, upon the occurrence of an Insured Event, at the same time as damage to the Insurable Object, damage is also caused to low-value assets, which is not included in fixed assets or stocks. The loss is indemnified if the Insurable Object is the Equipment and the damaged low value asset is located at the address of the Insurable Object (buildings/premises) specified in the Insurance Contract. The limit of indemnity for these losses is EUR 7 000 during the period of validity of an insurance contract.

The insurance indemnity is paid only if the Insured or the Beneficiary is able to provide documentary proof for their ownership of the low value assets damaged by the Insured Event. If the Beneficiary is a leasing company, credit institution or other person providing financial services, the Beneficiary shall be indemnified up to the amount of the outstanding financial liability.



8.12.3. **Portable office equipment** – within the Sum Insured, the Insured shall be indemnified for losses incurred to the Movable Property – portable office equipment – while the Insured or its employees use the portable office equipment outside the address of the Insurable Object (insured building/room) in Latvia, Estonia or Lithuania as specified in the Insurance Contract. Losses are indemnified if the Insurable Object is the Equipment. The limit of indemnity for these losses is EUR 7 000 during the period of validity of an insurance contract, but not more than EUR 3 000 per one Insured Event.

8.12.4. **Loss for movable property taken into use or storage** – indemnity is provided for damage or loss as a result of an Insured Event to appliances, equipment or goods taken into the use or storage of the Insured, the ownership of which has not been noted in the Insurance Contract. The limit of indemnity for such losses is EUR 7 000 during the period of validity of an insurance contract. In this case, the Insured is deemed to be the owner of the movable property. Such loss shall be indemnified only on condition that the Insurable Object – appliances equipment or goods – specified in the Insurance Contract is located at the address or in the territory specified in the Insurance Contract.

9. General Exceptions

- 9.1. The following events shall not be considered as an insured event and the Insurer shall not reimburse any damage or loss resulting therefrom, unless otherwise specified in the insurance contract:
- 9.1.1. exposing the Insurable Object to processing or other processes where fire or heat is used (for example, welding, soldering etc.);
 - 9.1.2. due to explosions, including those authorised by public authorities, local authorities;
 - 9.1.3. precipitation entering the building or premises through structures, damages or openings. The exclusion shall not apply if such openings or damage to the structure of the buildings or premises are caused by direct and physical loss or damage to the Insurable Object which the Insurer indemnifies under the insurance contract;
 - 9.1.4. wells, boreholes, groundwater and other underground water, including underground springs, as a result of changes or fluctuations in water levels;
 - 9.1.5. where the drainage system (including storm drains, storm water or sewerage systems) is unable to discharge rainfall because it is not designed or maintained properly;
 - 9.1.6. as a result of a flood or earthquake risk, unless the risk is confirmed by information from the Latvian Centre for Environment, Geology and Meteorology;
 - 9.1.7. due to landslides, slips, falls, karst holes, unless caused by insured risk;
 - 9.1.8. due to software errors in any type of equipment or system (e.g. computers, technological equipment, control systems, etc.);
 - 9.1.9. due to electrical damage, unless the risk "Electric phenomena" is insured;
 - 9.1.10. internal mechanical faults or breakage;
 - 9.1.11. as a result of a criminal or administrative offence committed by the Insured or the Policyholder, or the Related Parties;
 - 9.1.12. malicious intent or gross negligence by the Insured, Policyholder, or the Related Parties;
 - 9.1.13. breach of normative regulations, construction standards, regulations on technical operation and fire safety and administrative decisions by the Insured or the Policyholder, or the Related Parties;
 - 9.1.14. low-quality works or services or the use of inappropriate building materials as well as wrong designing performed by the Insured, the Policyholder or persons hired by them;
 - 9.1.15. arising from the construction of the Real Estate in breach of laws, regulations, building codes, technical operation regulations, fire safety regulations or administrative decisions, if the construction was carried out by the Insured or the Policyholder or at the order of the Insured or the Policyholder, or the Real Estate was purchased and the Insured or the Policyholder knew or should have known about the breach.
 - 9.1.16. a result of construction, renovation or reconstruction works of the Insurable Object – Real Estate (only for works for which a building permit or equivalent authorisation issued by the competent authorities is required) or as a result of repair or maintenance works to the Movable Property;
 - 9.1.17. as a result of installation, demolition, testing of the Insurable Object;
 - 9.1.18. depreciation, corrosion, wear and tear, material fatigue or due to similar processes;



- 9.1.19. prolonged exposure of the Insurable Object, including due to changes in air temperature, temperature fluctuations, humidity fluctuations, drying, drying out, evaporation, evaporation;
- 9.1.20. dry and wet rot, mould, fungi or bacteria, insects, worms, rodents or due to effects of other animals;
- 9.1.21. civil liability, contractual default or delay, penalties and other indirect damages;
- 9.1.22. financial loss to the Insured, unless the risk "Interruption of business activity" is insured;
- 9.1.23. nuclear explosion, radiation or radioactive contamination or poisoning, environmental pollution, and remediation work;
- 9.1.24. due to asbestos, asbestos-containing materials, asbestos dust.
- 9.1.25. damage resulting directly or indirectly from interruption, loss or increased consumption of electricity, heat, steam, water, gas or any other source of energy supply or other services, unless caused by a direct and physical effect on the Insurable Object;
- 9.1.26. loss resulting from interruption, loss or increased consumption of radio, internet, communications and other telecommunications, if not caused by a direct and physical impact on the Insurable Object, in the Insured territory;
- 9.1.27. Losses caused by suppliers or service providers through failure to supply or to provide a service, or through inadequate or insufficient supply, quality or timeliness;
- 9.1.28. Damage to or loss of goods caused by the manufacturing or storage process, including by disruption or interruption of the manufacturing process or storage regime.

10. Sum Insured

10.1. Sum insured – Property

- 10.1.1. The Policyholder shall be liable for the correspondence of the Sum Insured specified in the Insurance Contract to the value of the Insurable Object, which shall be defined taking into consideration the loss assessment method specified in the Insurance Contract.
- 10.1.2. The Insurable object may be insured on a First Risk Loss insurance principle, specifying it in the Insurance Contract.
- 10.1.3. If during the Insurance period additional Movable or Immovable property is purchased, Property that is a part of the Insurable object or which, according to its use, corresponds to the Insurable object and the Insured's type of business specified in the Insurance contract, such Property is included in the insurance coverage and upon the occurrence of the Insured event the insurer does not apply the provisions on Underinsurance or Excess insurance, if the total value of the additionally purchased property against the Sum Insured of the respective Insurable object does not exceed 10%, but no more than 50 000 EUR, unless otherwise specified in the Insurance Contract. This provision does not apply if a successive new Insurance Contract is concluded in respect of the same Insurable Object. In the event of an Insured event resulting in a loss attributable to the additional Property purchased, the amount calculated as the insurance premium for that additional Property for the period from the time of purchase/registration of ownership until the end of the Insurance Period will be deducted from the Insurance indemnity.

10.2. Sum Insured – Interruption of Business Activity

- 10.2.1. The Policyholder shall be liable for the compliance of the Sum Insured specified in the Insurance Contract with the financial data of the Insured.
- 10.2.2. The Sum Insured for Financial Losses shall be determined as the total amount of the Fixed Expenses, Net Profit before tax and Additional Expenses (if any).
- 10.2.3. The Sum Insured for Lost rent/lease payments shall correspond to the income under the rent/lease agreements in force.
- 10.2.4. If the Sum Insured immediately before the occurrence of the Insured Event is less than or more than the Sum Insured specified in the Insurance Contract, the Underinsurance or Overinsurance conditions shall apply.



11. Changes of the Insured Risk

- 11.1. The Insured or the Policyholder shall have the obligation during the entire validity period of the Insurance Contract to immediately inform the Insurer in writing regarding changes in the information about the Insurable Object and about all circumstances he/she is aware of that may significantly increase the probability of occurrence of the Insured Risk or the extent of the potential losses including but not limited to one of the following:
- 11.1.1. changes to the Property's security systems and measures (in particular if security will not be provided) or fire safety systems;
 - 11.1.2. any change in the use of the Property or in its characteristics prior to the occurrence of such change, temporary suspension or termination of use, cessation of economic activity on the Property, including if it becomes permanently unused;
 - 11.1.3. the carrying out of construction work, where such work requires a building permit or equivalent authorisation from the competent authorities;
 - 11.1.4. renting, leasing, mortgaging, otherwise encumbering property with proprietary rights or obligation right, or with debts;
 - 11.1.5. loss of possession of the Property, expropriation and other prohibitions, restrictions, mortgages;
 - 11.1.6. the opening of legal protection proceedings or insolvency proceedings.
- 11.2. If the Insured or the Policyholder is in any doubt as to whether the forthcoming changes may significantly increase the likelihood of the insured risk occurring or the amount of the potential loss, please contact the Insurer.

12. Conduct of the Insured upon occurrence of the Insured Event

12.1. Insurance Claim

- 12.1.1. The Insured shall immediately report:
- 12.1.1.1. in case of fire or explosion – the State Fire and Rescue Service ;
 - 12.1.1.2. in case of engineering network accident – the respective emergency service and to the manager (owner) of the building or to the Municipal Police;
 - 12.1.1.3. in case of illegal activities of third parties – the State Police;
 - 12.1.1.4. in case of a collision with a land vehicle – the State Police.
- 12.1.2. As soon as it becomes possible the Insured shall immediately inform the Insurer about the occurred event and shall take all the possible and reasonable measures to reduce losses and shall observe all the Insurer's indications if such are given. In addition, the Insured shall submit a written claim to the Insurer (for example, by filling in an application form on the Insurer's website) and agree with the Insurer on a time to inspect the site of the Insurable Event, no later than within 3 business days of becoming aware of the event.
- 12.1.3. In case of Interruption of Business Activity, the Insured shall, within 5 business days from the date of insurance claim, submit to the Insurer a written plan for the restoration of the damaged Property, indicating the actions and timeframe within which it is planned to resume the Business Activity or reduce the amount of the loss.

12.2. Proof of loss

- 12.2.2. After inspection of the site and the Property damaged, the Insurer's representative shall fill in an inspection report on the detected damages and shall provide instructions the execution of which shall be compulsory for the Insured. The elimination of damages or the restoration of the Property, moving or removal of any parts thereof shall not be allowed without a written consent of the Insurer.
- 12.2.3. If the Insurer fails to carry out the survey within 5 business days from the date of application and has not specified another date on which the survey will be carried out, the Insured shall have the right, subject to written agreement with the Insurer, to commence the repair and restoration works.



- 12.2.4. Measurements from the closest station of the Latvian Environmental, Geological and Meteorological Centre to the Property shall be considered as evidence of the occurrence of a Natural Disaster (except Hail) or Earthquake Risk, except in cases when the Latvian Environmental, Geological and Meteorological Centre has had no opportunity to record measurements at the closest station or at all.
- 12.2.5. Upon the Insurer's request a list of the damaged, stolen or destroyed movable property shall be provided. The date of purchase, value, description (name) and condition of the movable property directly prior to the occurrence of the Insurable Event shall be included in the list. The Insurer shall be entitled to request documents certifying the purchase of movable property.
- 12.2.6. In case of Interruption of Business Activity, the Insured shall provide financial and accounting documents prepared in accordance with the financial and accounting procedures established by the regulatory enactments, evidencing the loss, including:
 - 12.2.6.1. in case of financial loss insurance, documents for the current period and the previous 2 years;
 - 12.2.6.2. in case of lost rent/lease income, copies of valid rent/lease agreements and proof of payments made by tenants.

13. Insurance Indemnity calculation

13.1. General conditions for calculating indemnity

- 13.1.1. The Insurer shall indemnify the losses and other reimbursable expenses arising from the Insured Event to the extent specified in the insurance contract.
- 13.1.2. Before calculating the insurance indemnity, the Insurer shall determine whether Underinsurance or Overinsurance is applicable on the basis of the loss valuation method specified in the insurance contract (for the Insurable Object – Property) or the financial data of the Insured (Insurable Object – Interruption of Business Activity).
- 13.1.3. In case of underinsurance, the loss is reduced according to the proportion calculated by dividing the sum insured stipulated in the insurance contract by the value of the Insurable Object (for the Insurable Object – Property) or the financial data of the Insured (for the Insurable Object – Interruption of Business Activity), unless the sum insured of the Insurable Object is specified in the insurance contract as the limit of indemnity or limit of the insurance for the First Risk Loss.
- 13.1.4. In case of Overinsurance, the loss shall be calculated on the basis of the method of valuation of the loss to be indemnified specified in the insurance contract, up to the value of the particular Insurable Object (for the Insurable Object – Property) or the financial data of the Insured (for the Insurable Object – Interruption of Business Activity).
- 13.1.5. The Sum Insured, regardless of the year of construction of the Insurable Object, is determined and the loss is calculated assuming that the restoration of the Insurable Object will be carried out with modern materials and methods, and the works will be performed by a specialist or merchant certified in the Republic of Latvia or by the Insured on a commercial basis.
- 13.1.6. In the event that repair, restoration or replacement of the Insurable Object with an equivalent object is not possible or is not carried out, or in the event that the Insurance indemnity is payable in cash, the loss (regardless of whether the Insurable Object (movable or immovable property) is insured at its Restoration or Replacement Value, Actual Value) shall be calculated at the lower of the following amounts: Actual Value immediately before the occurrence of the Insured Event or Market Value immediately before the occurrence of the Insured Event.
- 13.1.7. In the event that it is not possible to restore the damaged Property or part thereof to its former condition using identical materials or methods, the insurance indemnity shall be calculated using equivalent, modern materials or methods. The indemnifiable loss will be determined to the extent to which the damage to the Property or part thereof actually occurred as part of the Insured Event. In the event that the loss is calculated by applying the Actual Value or the Property – Equipment is more than 10 years old, the loss calculation may be reduced by the Depreciation of the Property or part thereof.

13.2. The insurance indemnity for one or more insured events cannot exceed the Sum Insured specified in the Insurance Contract.

- 13.2.1. The following are deducted from the calculated amount of the loss:
 - 13.2.1.1. The amount of value added tax (VAT) that the recipient of the insurance indemnity is entitled



to deduct as a pretax from the tax payable to the state budget, unless otherwise specified in the insurance contract.

- 13.2.1.2. The value of the usable salvage of the Property in case of total loss. If upon the Insurer's request and the consent of the Insured the salvage of the insured Property is transferred to the possession of the Insurer, then the value of usable salvage shall not be deducted from the amount of loss;
- 13.2.1.3. the Deductible for each insurable event specified in the insurance contract. If the Insurable Event has occurred as a result of a road traffic accident in the territory of the Republic of Latvia and has been caused by an identified vehicle, the damage to which is indemnified under the compulsory civil liability insurance of vehicle owners, and the Insured has submitted to the Insurer a State Police certificate or a completed agreed statement, the Insurer shall not deduct the deductible from the Insurance Indemnity.

13.3. Indemnity for Real Estate

- 13.3.1. The indemnity for the Real Estate is calculated taking into account the Loss Valuation Method specified in the insurance contract, which is determined as Restoration Value or Actual Value.
- 13.3.2. Regardless the loss assessment method specified in the Insurance Contract, in the event the depreciation of the Real Estate directly prior to the occurrence of the Insured Event is bigger than 50%, the losses shall be assessed by applying the loss assessment method – Actual Value.
- 13.3.3. Losses for the damage or loss of a part of the Joint property of the Premises shall be calculated in proportion to the joint property share owned by the Insured in accordance with the submitted documents justifying the extent of the loss.

13.4. Indemnity for Movable Property

- 13.4.1. The indemnity for the Movable Property is calculated in accordance with the Replacement Value method of loss assessment specified in the insurance contract.
- 13.4.2. Losses to the movable property – goods in production – shall be calculated based on the direct production and material costs, direct labour costs and administrative costs. These costs shall not exceed the amount for which the finished products could have been sold in the given period of time.
- 13.4.3. Losses to the rented or accepted Movable Property (accepted for repair, storage, etc.) shall be calculated in accordance with their value specified in the rental agreement or transfer-acceptance report or in the accounting documents, however it may not be bigger than their replacement value.
- 13.4.4. In case of damage to a part of the Movable Property (from a set, collection or pair), only the cost of the damaged object shall be reimbursed, and any depreciation in the value of such object shall not be reimbursed.

13.5. Indemnity in case of Interruption of Business Activity

- 13.5.1. Indemnity in case of Interruption of Business Activity is calculated on the basis of financial and accounting records and taking into account the economic conditions of the market in the relevant sector of the Business.
- 13.5.2. If the Insured fails to restore the Insurable Object or to resume the Insured Business Activity due to circumstances beyond the Insured's control, the indemnity shall be calculated for the period of time that would be objectively necessary for the Insured to resume the Insured Business Activity.
- 13.5.3. If the Insured fails to restore the Insured Object or to resume the insured Business Activity and this is not due to circumstances beyond the Insured's control, no insurance indemnity shall be paid.
- 13.5.4. If the renovation of the Insurable Object is started but interrupted for objective reasons, the insurance indemnity shall be calculated for the period until the object is actually repaired or replaced.



14. Case of Insurance Indemnity reduction or non-payment.

- 14.1. The Insurer shall be entitled to refuse the payment of the Insurance Indemnity if the Insured:
 - 14.1.1. has failed to comply with any of the obligations set out in Clauses 12.1.1 and 12.1.2 (Insurance claim), 12.2.1 and 12.2.2 (Proof of Loss);
 - 14.1.2. fails to fulfil the obligations provided under these Terms and Conditions as a result of malicious intent or due to gross negligence, except obligations under clause 14.1.1.;
 - 14.1.3. fails to show the remains of the damaged Property, except the cases when they are fully destroyed;
 - 14.1.4. fails to submit to the Police a list of the stolen or robbed movable property, or if the Police does not confirm the theft or robbery of particular items.
 - 14.1.5. after incurring losses provides false information or refuses to submit the information requested by the Insurer.
- 14.2. The Insurer shall be entitled to refuse the payment of the Insurance Indemnity in case the institutions listed under Clause 12.1.1. do not confirm the fact of occurrence of the respective risks.
- 14.3. The Insurer shall be entitled to reduce the Insurance Indemnity up to 50% if the Insured has failed to fulfil obligations provided under these Terms and Conditions as a result of minor negligence, except obligations referred to in Clause 14.1.1.
- 14.4. The Insurer shall be entitled to reduce the Insurance Indemnity or refuse to pay the Insurance Indemnity if the Insured or the Policyholder has not provided information on the changes in the Insured risk referred to in Clause 11 of the Terms and Conditions during the term of the insurance contract and this has been causally related to the Insurable Event.

15. Payment or reimbursement of the Insurance Indemnity

- 15.1. If it is technically feasible and economically reasonable to repair or restore the Insured Property and there is no Total Loss of the Insurable Object, the repair or restoration shall be carried out.
- 15.2. The Insured can choose the following type of indemnity: repair, replacement (for Movable Property only) or money (transfer). If the chosen type of indemnity cannot be applied in a particular case, the indemnity is paid to the insured (by bank transfer).
- 15.3. In case of a repair or replacement, the Insurance Indemnity shall be paid to the Insured according to the service provider's invoice or estimate, less any value added tax (VAT) recoverable from the State.
- 15.4. The Insurance indemnity in the form of money shall be paid net of taxes, overexpenses and profit as shown in the estimate or loss account.
- 15.5. With regard to the Property, after the calculation of the Insurance Indemnity the Insured shall be entitled to choose:
 - 15.5.1. direct payment of costs to the construction company or other service provider approved by the Insurer in the amount that does not exceed the calculated amount of the Insurance Indemnity. In this case before the reimbursable losses are paid, the Insured shall pay the deductible as specified in the Insurance Contract to the respective service provider; or
 - 15.5.2. payment of the Insurance Indemnity to the Insured as a monetary compensation (transfer). In this case:
 - a) in the event of a Total Loss of the Property, the amount of the Insurance Indemnity shall be calculated by determining the difference between the market value before the accident and after the accident, but not exceeding the value of the Insurable Object according to the loss assessment method (Restoration value or Actual Value) specified in the insurance contract.
 - b) if there is no Total Loss of the Property, the amount of the Insurance Indemnity excludes taxes, excess expenses and profit.
- 15.6. In the cases referred to in Clause 15.5.2, the Insured shall be entitled within 2 years from the date of the Insurer's decision to pay the Insurance Indemnity, to request recalculation of the Insurance Indemnity in accordance with the loss assessment method specified in the insurance contract if he has submitted to the Insurer documents confirming the restoration of the Real Estate and coverage of the restoration expenses.
- 15.7. If the Insured, after receiving the Insurance Indemnity, recovers the stolen or lost Insured Object, the Insured shall be obliged to inform the Insurer and repay to the Insurer the Insurance Indemnity that has been paid for that.



16. Sum Insured after the Insurance Indemnity payout

- 16.1. If the paid Insurance Indemnity does not exceed 10% of the Sum Insured of the particular Insurable Object, the initial amount of the Sum Insured for the Insured Property shall not be reduced.
- 16.2. If the Insurance Indemnity paid for the Insured Property during the insurance period exceeds 10% of the Sum Insured in respect of the particular Insurable object, the insurance in respect of the Insured Property shall remain valid to the extent of the difference between the Sum Insured specified in the Insurance Contract for the particular Insurable Object and the paid Insurance Indemnity.
- 16.3. If the Insurance Indemnity for any Insurable Object is paid in full amount of the Sum Insured of the particular Insurable Object, then with regard to this Insurable Object the validity of the Contract shall be terminated.
- 16.4. In case of payment of the insurance indemnity, the Insurer shall be entitled to terminate the insurance contract.
- 16.5. If, after the payment of the insurance indemnity, the Insurance Contract is terminated or loses its validity in the part about the Property, then the part about the Business Interruption becomes invalid at the same time.

