

# PRIVATE PROPERTY INSURANCE

Conditions No. 3F-3



Approved by AAS BTA Baltic Insurance Company Board Decision No. LVB1\_0002/02-03-03-2015-42 of 20 October 2015. Translation. Text on Latvian has priority to this translation.

In accordance with the General Insurance Terms and Conditions, effective at the moment of concluding insurance contract, and these Terms and Conditions, AAS BTA Baltic Insurance Company (hereinafter – BTA) and Policyholders enter into insurance contracts regarding insurance of real estate and moveable property and civil liability insurance for real estate owners.

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## I PROPERTY INSURANCE

### DEFINITIONS OF USED TERMS AND ABBREVIATIONS

<b>Effective area of contract</b>	The territory, specified in the insurance contract, where the insured object is located, where the insurance cover according to the insurance contract is valid.
<b>Authorized User</b>	A person, who is not the owner of the insured object, but who is using the insurance object, based on a rent or lease contract or any other legal grounds.
<b>Basic risks</b>	Scope of probable insured risks, which are included in the insurance contract as the basic insurance cover.
<b>Additional risks</b>	Probable insured risks, which may be included in the insurance contract upon additional agreement.

### 1. INSURANCE OBJECT

<b>Insurance object</b>	<b>1.1.</b> Only insurance objects clearly indicated in the concluded insurance contract are insured.
<b>Building</b>	<b>1.2.</b> In real estate insurance, insurance object can be: <b>1.2.1.</b> Building – a structure that is used for living and is permanently fixed to the land, including all its integral parts permanently attached thereto. A building is insured together with all its essential parts, which are: <b>a)</b> integrated elements (e.g. building foundation, external walls, inner walls, floor decks, roof constructions and surfacing); <b>b)</b> doors, gates, elevators, stairs, windows and glazing; <b>c)</b> interior and exterior decoration; <b>d)</b> water supply, heating, sewerage, electricity supply and communication systems with all stationary elements attached thereto (including sanitary equipment, boilers (including heating pumps) and radiators, hot water boilers, pumps, filters, built-in lightning fittings, underfloor heating, stationary stoves, chimneys, fire and security alarm systems, stationary fire safety equipment, advertising materials, signboards and installations on the external walls of the

- building),
  - e) built-in air conditioning and ventilation equipment,
  - f) external engineering and technical communications located at the place where the insurance contract is valid, branch off from the insurance object to the connection to public networks and which are subject to legal liability of the Insured as regards operation and repair of these communications,
  - g) other integral parts of the building construction;
- Part of the building (including twin-houses and row houses)**      **1.2.2.** a part of building – premises, used for separate living in accordance with the contract of communal use of real estate, including all integral parts as described in Article 1.2.1, constituting the boundaries of these premises. Upon insuring a part of building, the commonly used aliquot parts of the building are insured proportionally to the amount of aliquot part of owned by communal owners;
- Apartment**      **1.2.3.** Apartment – residential premises or the complex of premises of the apartment house separated from the other part of the building and marked in the building inventory plan, including all integral parts of it according to the description provided in Article 1.2.1, which make boundaries of this apartment. Apartment insurance also includes insurance of common property share legally related thereto proportionally to the size of it;
- Auxiliary building**      **1.2.4.** Auxiliary building – a separate non-residential construction, which is basically not being used, nor intended for living (e.g. a sauna, garage, cellar, cattle-shed, barn, shed);
- Improvement construction**      **1.2.5.** Improvement construction – a structure that is permanently fixed to the land plot on which the insured real estate referred to in Article 1.2.1, 1.2.2 and 1.2.4 of these Terms and Conditions is located (e. g. barriers, walls, fencing, sheds, elevated roads, access roads and pedestrian roads, stationary sprinkler systems, outdoor lightning, flag poles, advertising stands, wells, lawn, garden greenery), unless it is stipulated otherwise in the concluded insurance contract;
- Repair investments**      **1.2.6.** Repair investments – exterior and interior decoration of buildings or building parts (including water supply, heating, sewerage, electricity supply and communication systems with all stationary elements attached thereto). Sum insured is set after the first-loss compensation principle also in cases, if no special note was made about it in the insurance contract.
- Land**      **1.3.** Pursuant to these Terms and Conditions land is not insured as real estate.
- Immoveable property, which is not insured, if no special agreement is made**      **1.4.** Unless it is stipulated otherwise in the concluded insurance contract, then upon insuring real estate, the concluded insurance contract is not valid as regards to:
- 1.4.1.** water basins outside the insurance object and outside the effective area of contract (e.g. ponds, fountains, pools, reservoirs);
  - 1.4.2.** water or other liquids in pipes, pools or wells of the insurance object;
  - 1.4.3.** greenhouses;
  - 1.4.4.** bridges, footbridges, piers, anchorages, structures on water (in water);
  - 1.4.5.** real estate (or parts thereof) that have not been put into operation in accordance with the procedure set forth in regulatory enactments of the Republic of Latvia, are in critical condition or are considered as not suitable for use, or have been built without meeting requirements of the regulatory enactments of the Republic of Latvia, including unauthorised construction (prior to signing the insurance contract the Policyholder is obliged to inform BTA if the real estate to be insured is in critical condition or is considered not suitable for use, or unauthorised construction has been carried out in the insurance object).
- Moveable property**      **1.5.** In accordance with these Terms and Conditions, moveable property is any legally acquired moveable asset owned or managed by the Policyholder, legal owner of the property and their family members, as referred to in b) of Article 8.2.2, which is located in the area where the insurance contract is in effect;
- 1.6.** BTA indemnifies for the damages or loss of the property outside buildings and premises if it is provided for by the insured moveable property usage specifics and this property is insured in accordance with the insurance contract. Moveable

property is only insured if it is located in the insured real estate, except for the events when pursuant to the concluded insurance contract additional insurance cover is provided – Insurance of Moveable Property outside the House.

Third party illegal activity risk as regards the property outside the buildings or premises is only insured provided that the insured property is in a compound with 24 hour security.

**Property as aggregation of items**

- 1.7.** Upon decision of the Policyholder moveable property may be insured:
  - 1.7.1.** As aggregation of items;
  - 1.7.2.** As groups of items;
  - 1.7.3.** As separate items.
- 1.8.** When insuring moveable property as an aggregation of items it is insured in accordance with the first-loss compensation principle, i.e. the insurance contract does not separately specify each insurance object, the insurance contract only specifies the sum insured – loss compensation limit for each insurance group of the insured moveable property, and upon occurrence of an insurable event BTA will indemnify for the incurred losses without exceeding the sum insured – loss compensation limit set for a respective moveable property insurance group. In such case the under-insurance principle is not applied.

**Groups of moveable property**

- 1.9.** When insuring moveable property as a group of items it is insured in accordance with the first-loss compensation principle, i.e. the insurance contract does not separately specify each insurance object, the insurance contract only specifies the groups of the insured moveable property and the sum insured – loss compensation limit for each insurance group of the insured moveable property, and upon occurrence of an insurable event BTA will indemnify for the incurred losses without exceeding the sum insured – loss compensation limit set for a respective moveable property insurance group. In such case the under-insurance principle is not applied.

In accordance with these Terms and Conditions the moveable property is grouped into the following groups:

- 1.9.1.** electronic appliances (including radio, television, video appliances, communication devices, photo and movie devices, household appliances);
- 1.9.2.** furniture and working tables (including built-in household appliances, carpets, work tools, work tables);
- 1.9.3.** computers and their peripherals (including printers, scanners, computer audio equipment, external data memory blocks, modems, computer games consoles, computer games discs);
- 1.9.4.** sport and recreational equipment (including bicycles, exercise equipment, skis, musical instruments, fishing equipment);
- 1.9.5.** shoes and clothes (including furs, glasses, watches);
- 1.9.6.** other moveable belongings not included in the listed groups.

**Property as separate items**

- 1.10.** When insuring moveable property as separate items, each insured item is specified in the insurance contract and for each insured item the sum insured is specified; in such case the under-insurance principle can be applied.

**Moveable property that is not insured, if no special agreement was made**

- 1.11.** In accordance with these Terms and Conditions, when insuring moveable property the concluded insurance contract is not valid as regards:
  - 1.11.1.** plants, animals;
  - 1.11.2.** land, water and air vehicles and their equipment;
  - 1.11.3.** construction materials, including not installed engineering communications;
  - 1.11.4.** guns, their components and equipment, ammunition, explosives;
  - 1.11.5.** computer software, licences, digitally preserved information, databases;
  - 1.11.6.** cash, securities, bonds, documents, manuscripts, drawings, paintings, plans, card files, payment cards and other means of payment;
  - 1.11.7.** jewellery, precious metals and articles made of them, precious and semiprecious stones;
  - 1.11.8.** paintings, unique items, prototypes and collections.

For the purpose of these Terms and Conditions, collections are considered several homogeneous items (e.g. stamps, postcards,

calendars, labels, coins) grouped together having scientific, cultural historical or artistic value or that are gathered for non-commercial purposes;

**1.11.9.** antique items.

For the purposes of these Terms and Conditions antique items are considered items made more than 70 years ago, counting from the day of concluding the insurance contract;

**1.11.10.** excise, food, home care and hygiene products and items;

**1.11.11.** pumps submerged in water basins, in boreholes in wells.

**1.12.** If the items, mentioned in Article 1.11, are insured as group of items, then they are included as a subgroup in a group of items, mentioned in Article 1.9.6 and a separate sum insured is set for it – loss compensation limit..

## 2. INSURANCE COVER

### Basic risks

**2.1.** The insurance object is insured against the following basic risks, if they are specified as insured in the insurance contract:

### Fire

**2.1.1.** Fire.

BTA indemnifies the losses for the damage of moveable property or real estate if it is caused by:

**a)** Fire – fire ignition at places not meant for fire, also going beyond the place meant for fire and being able to spread by itself. The insurance also covers soot, smoke and fire-fighting result damage to the insurance object, if it has been caused by the fire;

**b)** Explosion – gas or steam outburst based on a sudden force expression. Occurrence of a container (e.g. boiler, pipe) explosion is considered happened if its walls are broken to the extent that suddenly pressure between inside and outside of the container is the same;

### Explosion

**c)** Bolt of lightning (also ball lightning) – direct impact of lightning on the insurance object causing damage or fire;

### Bolt of lightning

**d)** Fall of a manned aircraft, its parts or cargo – direct fall of the manned aircraft or drone, its parts or cargo on the insurance object.

### Leakage of liquid or steam

**2.1.2.** Leakage of liquid or steam

BTA indemnifies for losses for the damage of insured moveable property or real estate if it is caused by:

**a)** an accident in communication systems inside the building (e.g. water supply, sewerage, heating, waste water, ventilation, conditioning and fire extinguishing system pipes, sanitary ware or household devices), i.e. their sudden and unexpected break, fracture or blocking resulting in leakage of liquid or steam;

**b)** freezing up of pipes inside the building resulting in pipe fracture;

**c)** activity or failure to act by third parties causing leakage of liquids or steam from internal communication systems;

**d)** leakage of liquid due to automatic reaction of stationary automatic fire-extinguishing systems and devices (e.g. sprinklers).

### Natural disasters

**2.1.3.** Natural disasters

BTA indemnifies for losses for the damage of insured moveable property or real estate if it is caused by:

### Storm

**a)** Storm – wind with at least wind force 7 (seven) Beaufort or 17 m/s (seventeen meters per second). Losses for damage to the insurance object due to the storm by downfall of trees, poles, building constructions and other items are also indemnified.

If the wind speed cannot be estimated at the location of the insurance object, it is considered that the storm took place if the wind has caused damage to buildings and objects near the insurance object that were in excellent condition;

### Hail

**b)** Hail – atmosphere precipitation in a form of ice pellets.

### Snow impact

**c)** Snow impact

BTA indemnifies for losses as regards damage to the moveable or real property caused by snow impact on the building roofing or constructions, provided that the sheet of snow has been caused by continuous, heavy snow and the damage to roofing or constructions

has occurred no later than 24 (twenty-four) hours counting from the end of the day the heavy snowfall takes place at the location of the insurance object.

In accordance with these Terms and Conditions, heavy snow is considered a snow fall resulting in a snow layer of 10 cm (ten centimetres) or more in 24 (twenty-four) hours.

**Fall down of trees, poles, pillars and their parts**

**d) Fall down of trees, poles pillars and their parts**

BTA indemnifies for losses as regards sudden and unexpected physical damage to the insurance object caused by free falling down of trees, poles, pillars or their parts near the insurance object that has not been caused by human activities, physical depreciation (deterioration) or long-term degradation processes (e.g. corrosion, decomposition, putrefaction processes).

Also BTA indemnifies losses, if damage of trees, poles or pillars has occurred due to continuous degradation processes, if it was undetectable by external visual observations.

**Illegal activities of third parties**

**2.1.4. Illegal activities of third parties.**

BTA compensates the losses for the damage of moveable property or real estate if it is caused by:

**Property damages**

**a) Property damages – illegal activities or failure to act by third parties, due to which the insurance object gets damaged, becomes partially or completely useless or not valuable, and it is not related to Fire Risk, Risk of Leakage of liquid or steam, Risk of Robbery or Burglary;**

**Burglary**

**b) Burglary – secret or exposed theft of moveable property or real estate belongings if it is committed by third parties illegally entering closed premises with evident burglary signs – by breaking, mechanically damaging obstacles or breaking the locks installed to restrict unauthorized access to the premises.**

**Robbery**

**c) Robbery – stealing of moveable property or real estate belongings if it is related to violence or threat of violence to persons who are legally in the insurance object;**

**Impact of a land vehicle**

**d) Impact of a land vehicle – damage to the insurance object due to direct mechanical impact of a land vehicle, including railway transport, on the insurance object.**

**Risk of glass fracture**

**e) Risk of glass fracture – fractured or broken glazing of the insured property, caused by any reasons. The risk of glass fracture occurs, if due to the insurable event the only damage to the insured property is fractured or broken glazing.**

**Additional risks**

**2.2. The insurance object is insured against the additional risks, provided below, if these are clearly stipulated in the insurance contract as insured:**

**Smoke impact**

**2.2.1. Smoke impact.**

BTA indemnifies for the losses as regards damage to moveable property or real estate caused by smoke suddenly broken out from heating, boiling or drying equipment located at the insurance object.

**Superjet shock wave**

**2.2.2. Superjet shock wave.**

BTA indemnifies for the losses as regards damage to moveable property or real estate caused by direct impact of the superjet shock wave on the insurance object.

**Flood – high water**

**2.2.3. Flood – high water**

BTA compensates losses for the damage to moveable property or real estate if it is caused by a certain territory being flooded with water run over the open watercourses or reservoirs, broken through barricades, dams or banks.

**Overground engineering-technical communication icing  
Earthquake**

**2.2.4. Overground engineering-technical communication icing. BTA indemnifies for losses as regards damages to moveable property or real estate if they are caused by overground engineering-technical communication icing exceeding 10 mm (ten millimetres).**

**2.2.5. Earthquake.**

BTA indemnifies for losses as regards damage to moveable property or real estate if it is caused by an earthquake, i.e. sudden release of energy in the Earth's crust that creates seismic waves with magnitude of at least 4 (four) by Richter scale or 5 (five) by the international macro-

<b>Landfall, subsidence</b>	<p>seismic intensity scale MSK-64.</p> <p><b>2.2.6.</b> Landfall, subsidence. BTA indemnifies for losses as regards damage to moveable property or real estate if it is caused by motion of the Earth's crust in horizontal or vertical plane that is not related to seismic activities.</p>
<b>Corrosive gas</b>	<p><b>2.2.7.</b> Corrosive gas. BTA indemnifies for the losses as regards damage to moveable property or real estate caused by sudden impact of the corrosive gas and chemical fumes on the insurance object.</p>
<b>Electricity risks</b>	<p><b>2.2.8.</b> Electricity risks.</p> <p><b>a)</b> BTA indemnifies for the losses as regards damage to moveable property or the facilities contained in the real estate that are powered by electric current (e.g. boiler, switchboard, elevators), caused by:</p> <ol style="list-style-type: none"> <li><b>1)</b> emergency or unannounced power outage;</li> <li><b>2)</b> impact of electric current, including damages caused by overvoltage, overload or short circuit, irrespective of whether the damages caused by the electric current have resulted from flame or not;</li> <li><b>3)</b> secondary phenomena of lightning strike and deriving electrical and magnetic phenomena.</li> </ol> <p><b>b)</b> Upon insuring this additional risk, Article 3.12 of these Terms and Conditions is not valid.</p>
<b>Additional insurance cover Rental expenses of temporary home</b>	<p><b>2.3.</b> The insurance contract can provide for the following <b>additional insurance cover</b> that is valid only in the event that it is clearly stipulated in the concluded insurance contract:</p> <p><b>2.3.1.</b> Rental expenses of temporary home.</p> <p><b>a)</b> If upon occurrence of an insurable event the insured real estate is lost or damaged to the extent that dwelling therein is not possible, BTA, without exceeding the sum insured – loss compensation limit, set forth in the insurance contract for this additional insurance cover, will indemnify the Insured for the expenses for rental of a temporary home, i.e. reasonable expenses that can be proven by documents, which are required to move to temporary home and rental payment for the rent of temporary home,</p> <p><b>b)</b> Rental expenses for temporary housing are compensated starting from the occurrence of the insurable event until the insured real estate is completely restored or BTA pays out the entire insurance indemnity for the lost insurance object; however, no more than for 12 (twelve) months following the occurrence of the insurable event,</p> <p><b>c)</b> Compensating rental costs of temporary home is stopped at the moment, when BTA receives information that the insured object is not going to be restored,</p> <p><b>d)</b> In temporary home rental expense insurance the under-insurance principle and deductible are not applied,</p> <p><b>e)</b> Upon insuring this additional insurance cover Article 3.22 is not valid.</p>
<b>Damages caused by tenants and guests</b>	<p><b>2.3.2.</b> Damages caused by tenants and guests.</p> <p><b>a)</b> Not exceeding the sum insured set forth in the insurance contract for this additional insurance cover – the indemnity limit, BTA pays out the insurance indemnity for damage caused to the insurance object due to malicious intent or gross negligence of tenants or guests of Insured or Policyholder,</p> <p><b>b)</b> If an insurance contract is concluded in favour of the tenant, this additional insurance cover is only valid for damage caused by guests,</p> <p><b>c)</b> In order to admit the accident to be the insurable event in the result of the damage risk done by the tenant and to pay out the indemnity, there should be a written rent contract valid at the moment of probable insurable event.</p>
<b>Moveable property outside the house</b>	<p><b>2.3.3.</b> Moveable property outside the house.</p> <p><b>a)</b> Pursuant to these Terms and Conditions and not exceeding the sum insured – loss compensation limit set forth in the concluded insurance contract for this additional insurance cover, BTA pays out the insurance indemnity for damages or loss of the moveable</p>

property located outside the insurance object location caused by occurrence of the insurable event,

- b)** The insurance cover is valid within the entire territory of the Republic of Latvia, unless it is stipulated otherwise in the insurance contract,
- c)** The insurance cover is valid only when the moveable property is under supervision of the Policyholder, Insured or their family members, in accordance of the interpretation provided in Clause b) of Article 8.2.2 of these Terms and Conditions, or in closed premises, or places, or is left unattended in a public place, provided that it is locked with a special lock to a firmly installed safe construction.

#### **Key service**

#### **2.3.4. Key service.**

- a)** Without exceeding the sum insured – loss compensation limit set forth in the concluded insurance contract for this additional insurance cover, BTA compensates expenses of key services as regard lock picking, replacement or repair if the owner or Authorized User of the insured house, part of the house or the apartment cannot enter or exit it due to lost or damaged keys or damaged lock mechanism. The insurance indemnity is paid out in accordance with the payment documents (e.g. receipts, SRS-registered receipts) specifying the information on the received key services and the price thereof,
- b)** The under-insurance principle and deductible are not applied to the key service insurance.

#### **Additional losses to be indemnified**

#### **2.4. Additional losses to be indemnified:**

- 2.4.1.** If the insurance object is an Apartment, then BTA indemnifies for losses also incurred due to damage of car parking space or auxiliary premises legally related to the Apartment, but not exceeding 3,000 EUR (three thousand euros) per one insurance case;
- 2.4.2.** If the insurance contract does not provide that the insurance object is Improvement Construction, then BTA indemnifies for losses incurred due to damage or loss of improvement construction in the amount of up to 5% (five per cent) of total sum insured of the real estate, but not exceeding 7,000 EUR (seven thousand euros) per one insurance case. These losses are indemnified, provided that the insurance object according to the insurance contract is a building or a part of building. Only the improvement constructions, which are located on the piece of land, on which the insured building or part of building is located in accordance with the boundary plan, are insured;
- 2.4.3.** If the insurance object is Moveable Property, then BTA indemnifies for losses incurred due to loss of moveable property from the fenced territory without signs of breaking in, in the amount up to 500 EUR (five hundred euros) during the validity period of the insurance contract;
- 2.4.4.** If Fire risk is insured, BTA indemnifies for losses incurred due to overvoltage, caused by lightning strike, in the amount up to 500 EUR (five hundred euros) during the validity period of the insurance contract;
- 2.4.5.** BTA indemnifies for losses incurred due to repair of communication systems, damaged by leakage of liquid or steam, in the amount up to 500 EUR (five hundred euros) per one insurance case;
- 2.4.6.** BTA indemnifies for reasonable expenses that can be proved by documents, which were necessary for finding the cause of the damage, in the amount up to 500 EUR (five hundred euros) per one insurance case;
- 2.4.7.** BTA indemnifies for rental expenses of temporary home, if the insurance contract does not provide additional insurance cover – Rental Expenses of Temporary Home, in the amount up to 450 EUR (four hundred fifty euros) per month, but not exceeding the maximum indemnity period of 9 months, in case of Fire Risk, and in case of any other risks – maximum indemnity period is 1 month. These losses are indemnified, provided that the insurance object according to the insurance contract is a building, a part of building or an apartment;
- 2.4.8.** if pursuant to the insurance contract the insurance object is moveable

property, but according to the contract the additional insurance cover – Insurance of Moveable Property outside the House, is not insured, then BTA indemnifies for losses incurred due to damage or loss of moveable property, which is outside the location of validity of insurance contract, in the amount up to 500 EUR (five hundred euros) during the validity period of insurance contract;

**2.4.9.** BTA indemnifies losses up to 5,000 EUR (five thousand euros), which occurred due to renovation works, which require construction permit in accordance with the procedure set forth in regulatory enactments of the Republic of Latvia. In such case deductible of 500 EUR (five hundred euros) is applied, if bigger amount of deductible is not provided in the insurance contract. In this case Article 3.8 of these Terms and Conditions is not valid.

**2.5.** If the Parties agree and clearly state it in the insurance contract, additional insurance cover may be provided also for other insurance risks, which are not provided in these Terms and Conditions.

### 3. EXCEPTIONS

The losses **are not considered an insurable event and are not indemnified** if they are directly or indirectly caused by:

- 3.1.** continued gradual processes (e.g. natural depreciation, corrosion, deterioration, oxidation, scale, putrefaction, mould formation, fungus damage, natural impact of humidity or light, changes in colour, odour, dust, waste, soot, dirt, changes in air temperature or humidity, desiccation, vaporisation or evaporation, changes in the material structure or finishing);
- 3.2.** insured real estate foundation settling, bulging or insured real estate cracking, if the said processes has not been caused by occurrence of an insured basic risk or additional risk, which is indicated as insured in the concluded insurance contract;
- 3.3.** soil freezing;
- 3.4.** continuous temperature fluctuations, continuous impact of atmosphere conditions or chemicals;
- 3.5.** due to moving volumes of ice or snow (e.g. by ice or snow sliding to the roof sides and falling from them);
- 3.6.** impact of vermin, rodents or other animals, if the insurable event is not related to risk of fire or fracturing of glass;
- 3.7.** violation of insurance object utilisation requirements set forth in the insurance object utilisation instructions or regulatory enactments of the Republic of Latvia using the insurance object for unauthorised purposes or in an unauthorised way;
- 3.8.** repairs, reconstruction or construction works at the insurance object, which require a construction permit in accordance with the regulatory enactments of the Republic of Latvia;
- 3.9.** bad quality repairs, reconstruction or construction works, errors in calculations, planning or design, use of bad quality or unsuitable construction materials;
- 3.10.** interruptions in water, gas, electricity, fuel or other energy resource supply, if such interruptions have not been caused due to the occurrence of insured basic risk or additional insurance cover, which is indicated as insured in the concluded insurance contract;
- 3.11.** damage or loss of computer files and software;
- 3.12.** damages in electrical equipment (e.g. boiler, pump) at the insured real estate due to electricity supply interruptions (accident or electricity supply interruptions), electrical contact, including damages caused due to overvoltage, overload, bad contact, damage of meters, regulators or safety equipment, short circuit or secondary effects of lightning and consequent electromagnetic fluctuations;

- 3.13.** malicious intent or fault, that in terms of reimbursement for losses and other civil liability consequences is considered as malicious intent, of the Insured, the Policyholder or Authorized User of the property;
- 3.14.** changes in the groundwater level or overflow in waste water collection systems, or roof waste-pipes;
- 3.15.** environment pollution, littering or poisoning;
- 3.16.** impact of asbestos and its compounds;
- 3.17.** decisions of state and municipal authorities;
- 3.18.** events, having occurred before the insurance contract was concluded;
- 3.19.** expenses for the damages to insured object, compensation of which is the duty of the manufacturer or supplier in accordance with regulatory enactments or a contract (e.g., manufacturer's warranty);
- 3.20.** expenses for regular maintenance, repairs, cleaning, regular or extraordinary servicing of the insurance object and equipment of its construction, including replacement works of worn out parts;
- 3.21.** losses related to damage or loss of moveable property caused without impact of external force or due to operation, maintenance, transformation or repair of the moveable property;
- 3.22.** indirect expenses, including expenses on renting temporary home and moving, lost profit and income;
- 3.23.** losses related to environmental damage;
- 3.24.** losses, if economic activity not agreed upon with BTA is carried out at the insured real estate;
- 3.25.** expenses of the Policyholder or the Insured related to expert examinations or any other inspection, compensation of which is not directly provided in these Terms and Conditions or in the concluded insurance contract;
- 3.26.** damage or loss of property or part of property, which is intentionally subjected to treatment or processes, which involve the use of heat or fire;
- 3.27.** overheating, melting, smoldering or scorching, when that has not occurred as a result of Fire risk;
- 3.28.** damage of internal explosion engine, if caused by the explosions, occurring in the combustion chamber;
- 3.29.** due to explosion of explosives or explosive materials, kept at the insured object;
- 3.30.** atmosphere fall-out (for example, water, hail, snow) penetration into the insured real estate through the roof, windows, doors, building stitches, foundation, water-proof finish and other constructions, when not occurred as a result of insured risks;
- 3.31.** leakage of liquid or steam, caused by tests, overload or pressure changes;
- 3.32.** accidents, occlusions, freezing up or failure to drain liquid in pipes outside the building until main pipe resulting in building sewerage system being flooded;
- 3.33.** damage or loss of moveable property, which has been kept in the basement lower than 10 cm (ten centimetres) above floor level;
- 3.34.** damage caused due to leaving the moveable property, which is not meant to be kept outside, under the open sky;
- 3.35.** losses, if the Insured or Policyholder fails to maintain roofs of the buildings/constructions in technical order by regularly cleaning the roofs from snow or ice and preventing accumulation of snow and/or ice;
- 3.36.** caused by waves in the result of tides and ebbs, as well as from expected flood – high water. In accordance with these Terms and Conditions an expected flood – high water is considered flood – high water, if pursuant to the statistical

data a flood – high water has appeared at the location of the insurance object more often than twice in the last 20 (twenty) years;

**3.37.** running and announced interruption of electricity supply;

**3.38.** utility services, including expenses on electricity, gas, telecommunications;

**3.39.** damage or loss of moveable property, if it is left unattended in a vehicle. The losses regarding moveable property are indemnified, if the vehicle, in which the moveable property is left, was stolen.

#### **4. SUM INSURED**

##### **Determining sum insured**

**4.1.** The sum insured is determined by the Policyholder. When concluding the insurance contract, the Policyholder assumes full liability for determining the sum insured and conformity thereof with the value of the insurance object. If, upon occurrence of an insurable event, it is established that the sum insured differs from the value of the insurance object, when calculating the amount of the insurance indemnity, conditions regarding under-insurance or over-insurance are applied.

##### **First-loss compensation principle**

**4.2.** In addition to the events, mentioned in these Terms and Conditions, upon agreement of the Parties and clearly stipulating it in the insurance contract, the insurance object may be insured in accordance with the first-loss compensation principle, pursuant to which BTA will compensate all losses incurred due to the occurrence of an insurable event without exceeding the sum insured – loss compensation limit set forth in the insurance contract. In such case the underinsurance principle is not applied.

##### **Replacement value principle**

**4.3.** If the insured moveable property is not older than 2 (two) years, the sum insured specified in the insurance contract may be determined in accordance with a replacement value principle, i.e. the set value of the insured moveable property is equivalent (in accordance with specifics and use) to the value of a new moveable property.

If the Parties agree and clearly state it in the insurance contract, a moveable property, which is not older than 5 (five) years can be insured in accordance with a replacement value principle.

##### **Sum insured after paying insurance indemnity**

**4.4.** After paying out the insurance indemnity the sum insured and the sum insured – loss compensation limit remain constant, except for the events when the insured moveable property is lost.

##### **Moveable property as an aggregation of items**

**4.5.** Unless stipulated otherwise in the insurance contract, when insuring the moveable property as an aggregation of items or group of items, each item of the moveable property the value of which exceeds EUR 3,000 (three thousand euros) or a corresponding amount in another currency according to the exchange rate of the European Central Bank on the day of the conclusion of the insurance contract shall be specially indicated in the insurance contract. If not, the insurance indemnity for damages, loss or ruin of such item will be paid out in an amount not exceeding EUR 3,000 (three thousand euros) or a corresponding amount in another currency according to the exchange rate of the European Central Bank on the day the decision to pay out the insurance indemnity is made.

**4.6.** If for the insured basic risk, additional risk, provided additional insurance cover or for the losses to be indemnified according to these Terms and Conditions, for which in these Terms and Conditions a sum insured is set forth, sum insured – the indemnity limit or limit in the amount of a certain sum, the insurance contract also provides the sum insured, sum insured – the indemnity limit or limit in the amount of certain sum, then the sum insured, sum insured – the indemnity limit or limit for such provided additional insurance cover or for the losses to be indemnified according to these Terms and Conditions is set in the amount of total sum of sums, provided in these Terms and Conditions and insurance contract.

#### **5. COMPLIANCE WITH SAFETY REQUIREMENTS**

##### **Compliance with safety requirements**

**5.1.** During the entire validity period of the insurance contract the Policyholder, the Insured and Authorized User of the insured property and members of their

## **of the regulatory enactments**

### **Compliance with fire safety requirements**

families, as interpreted in Article 8.2.2 b), is obliged to carefully manage and use the insured property in due manner, comply with the safety requirements set forth in regulatory enactments, safety enactments listed below and additional safety requirements set by BTA:

**5.1.1.** there are the following requirements as regards ensuring fire safety:

- a)** chimneys and flues shall be cleaned at least once a year,
- b)** use of open fire, burning of waste and debris is permitted only in places specially insulated and equipped for such purposes. After finishing the work, the fire shall be carefully extinguished,
- c)** only respectively qualified persons are entitled to work with open fire and perform fire-hazardous work. When performing fire-hazardous work and working with tools causing sparks when using them, it shall be ensured that sparks do not come into contact with inflammable materials and substances. When working with an open fire or performing fire-hazardous work, inflammable substances at the work place shall be covered with fire-proof materials,
- d)** wiring works and electric equipment repairs may be carried out only by respectively qualified persons,
- e)** when leaving the insurance object, temporary electric wires shall be insulated,
- f)** heating, electric and technical systems shall be used in accordance with the requirements of regulatory enactments of the Republic of Latvia and usage instructions of the said equipment,
- g)** it is forbidden to leave a burning fireplace, convector, candles or other fire-hazardous sources without supervision or under supervision of minors,
- h)** it is forbidden to smoke in a bed or premises with inflammable items or materials, or in places where inflammable liquids, gas, substances or explosives are stored,
- i)** it is forbidden to keep matches or other devices for lighting a fire at places that can be reached by children,
- j)** it is forbidden to use gas equipment with possible leakage. In the event of gas leakage, the gas valves shall be immediately closed and the premises shall be ventilated. In such case it is forbidden to use open fire, smoke, switch on or off electric equipment,
- k)** it is forbidden to set fire to the grass near the insurance object,
- l)** it is forbidden to leave a burning stove, range, fireplace or furnace, except for central heating boilers, unattended,
- m)** it is forbidden to cover switched on electric radiators, as well as to place items on them,
- n)** it is forbidden to use electric wires with damaged insulation, damaged sockets and switches, as well as non-standard fuses and fuses that do not meet the network voltage,
- o)** it is forbidden to dry firewood, clothing and other inflammable items on heating devices,
- p)** it is forbidden to use inappropriate fuel for heating equipment,
- q)** it is forbidden to use firewood that is longer than the stove,
- r)** it is forbidden to use open fire to defrost frozen pipes,
- s)** it is forbidden to cook a meal using open fire, on the building balcony and other unsuitable places.

**5.1.2.** there are the following requirements as regards plumbing and pipes:

- a)** the water shall be drained from the water supply, heating and pumping system in the real estate that is not heated during the heating season or where the air temperature is below 0 °C,
- b)** as regards pipes inside or outside the insured real estate, in order to prevent bursting of pipes due to freezing, their technical mode usage standards shall be complied with in accordance with climatic conditions.

### **Compliance with safety requirements**

**5.1.3.** there are the following requirements as regards safety measures (locks, keys, alarm system):

- a)** when leaving the real estate, windows, doors, manholes and other openings shall be closed or locked so that access to the real estate could not be gained without break-in, i.e. without damaging

- windows, doors, constructions, locks or fencing,
- b)** when there are no people in the real estate, the street doors shall be locked,
- c)** the street door keys (including alarm system codes) cannot be kept at a place and in a way they could become available to third parties,
- d)** if a key is lost or is illegally acquired by a third party, the lock shall be immediately changed,
- e)** if there is an alarm system, when leaving the real estate, it shall be in working order and activated.

**Reducing possible insurance indemnity**

**5.2.** In the event of failure to comply with the above-mentioned safety requirements which results in occurrence of an insurable event, the insurance indemnity calculated in accordance with the procedure set forth in the concluded insurance contract is reduced by 20% (twenty per cent).

If the safety requirements specified in this Section are not complied with due to malicious intent or gross negligence, the insurance indemnity is not paid out.

**6. BEHAVIOUR OF THE POLICYHOLDER, THE INSURED AND AUTHORIZED USERS OF THE PROPERTY UPON OCCURRENCE OF THE POSSIBLE INSURABLE EVENT**

**6.1.** Upon detecting an occurrence of probable insurable event, the Policyholder, the Insured or Authorized User of the insured property is obliged, and it is also the precondition for receiving the insurance indemnity, to fulfil the obligations set forth in the BTA General Insurance Terms and Conditions Section "Measures to be Taken upon Occurrence of the Insured Risk" and the following obligations:

- 6.1.1.** take all the measures in order to prevent or reduce further damages, as well as comply with BTA instructions as regards reducing the damage caused by the occurrence of a possible insurable event;
- 6.1.2.** to immediately inform the Fire and Rescue Service if the possible insurable event has occurred due to a fire, as well as inform other state authorities in the events set forth in the effective regulatory enactments of the Republic of Latvia (e.g., the State Police, the Gas Service);
- 6.1.3.** to immediately inform the building manager (if such exists) or responsible services in the event of liquid or steam leakage;
- 6.1.4.** to keep the accident site untouched as possible, and inform BTA immediately;
- 6.1.5.** to preserve useful remains of the damaged insurance object and, upon request of BTA, submit them to BTA for the examination period (if such examination will be required).

**6.2.** By immediately calling the BTA hotline +371 26121212 from the place of accident and providing the information on the accident the Policyholder, the Insured or Authorized Users of the insured property will receive BTA instruction on how to fulfil the above-said preconditions correctly and in details in order to receive the insurance indemnity.

**7. INSURANCE INDEMNITY**

**Determining amount of insurance indemnity for real estate in case of damage or loss**

**7.1.** The amount of the insurance indemnity for real estate insurance is determined by defining the amount of losses to be compensated less the deductible specified in the insurance contract and taking into account the following:

- 7.1.1.** the amount of actual losses to be compensated is determined, i.e. the amount required to restore the insurance object to the condition it was in before the occurrence of the insurable event, including demolition, construction waste collection and storage expenses. Loss assessment is carried out in accordance with the actual renovation work estimate, costs and prices no later than 6 (six) months after the occurrence of the insurable event. Overtime hours, working hours on holidays and other similar expenses are not taken into consideration.  
In accordance with these Terms and Conditions:
  - a)** demolition and construction waste collection expenses are considered justified expenses for real estate demolition, construction waste collection and territory cleaning works related to the insurable event,
  - b)** expenses on saving the insured object are considered justified

expenses that have been incurred to prevent or reduce further damages or losses of the insurance object upon occurrence of the insurable event. BTA will compensate such expenses event if they will not ensure the expected result.

The maximum insurance indemnity for such expenses amounts to 10% (ten per cent) of the property sum insured;

- 7.1.2.** if an under-insurance event, i.e. event when the sum insured is at least 15 % (fifteen per cent) lower than the value of the insurance object, is established, the amount of the losses to be compensated is multiplied by the proportion between the sum insured and this value;
- 7.1.3.** if an over-insurance event, i.e. the event when the sum insured exceeds the value of the insurance object, is established, the insurance indemnity is paid out in the amount it would be paid out if the sum insured were equal to the value of the insurance object;
- 7.1.4.** the amount of actual losses to be compensated for insured real estate older than 40 (forty) years or having a state of depreciation of more than 40% (forty per cent) is set in the amount of insurance object renovation expenses calculated in accordance with the procedure set forth in Article 7.1.1 of these Terms and Conditions less the depreciation amount;
- 7.1.5.** if it is not possible to determine the value of the insurance object, actually compensated losses are calculated by determining the proportion of the lost elements of the insured real estate and multiplying it by the sum insured. This procedure is not applied in the event of over-insurance;
- 7.1.6.** In case of total loss of Insurance object, when it is impossible to restore the Insurance object, BTA may set the limit of insurance indemnity, based on the replacement value (market value) of an equal object as it was directly prior to insurable event.

**7.2.** If the insured real estate is the joint ownership of several persons and is not divided into actual shares, i.e. each of the persons owns certain share of property rights, the losses as regards damages or losses of the property of joint ownership are reimbursed in proportion to the joint ownership share owned by the Insured.

#### **Determining insurance indemnity in case of damage or loss of moveable property**

**7.3.** When paying out the insurance indemnity the value of the moveable property is determined in accordance with the following procedure – the value of the immovable property is determined in accordance with the restoration cost that is equal to the lowest acquisition costs of the same type and similar quality moveable property (including transportation, design and installation/assembly costs) or the lowest costs required to restore the insured moveable property in the quality and to the extent it was just before the occurrence of an insurable event, unless it is stipulated otherwise in the insurance contract.

**7.4.** The amount of the insurance indemnity for moveable property insurance in determined in accordance with the following procedure:

- 7.4.1.** in the event of damages to moveable property if it is possible to restore it:
  - a)** the actual amount of losses is determined, i.e. the amount required to restore the insurance object to the condition it was just before the insurable event,
  - b)** the insurance indemnity is equal to the actual loss amount less deductible,
  - c)** if moveable property is insured as separate items and it is established that the sum insured is lower than the value of the insured property, the under-insurance principle is applied, i.e. the actual loss amount is multiplied by the proportion between the sum insured and the value of the insurance object, less the deductible;
- 7.4.2.** in the event the moveable property is lost (the insured moveable property is considered lost if the damage elimination costs exceed the difference between the values of the insured moveable property before and after the insurable event), in compliance with the terms and conditions of the concluded insurance contract regarding the deductible,

BTA is entitled:

- a) to replace the lost insurance object with an equivalent by taking over the remains of the insurance object – in such case, before replacing the property, the Insured shall submit to BTA the remains of the lost insurance object and pay the deductible specified in the concluded insurance contract,
- b) to pay out the insurance indemnity amounting to the value of the insurance object and collect the remains of the insurance object,
- c) to pay out the insurance indemnity as a difference between the value of the insurance object before and after the insurable event and, not collecting the remains of the insurance object.

**7.5.** The amount of actual losses to be compensated for the insured moveable property that is no older than 2 (two) years, as well as insured moveable property that is no older than 5 (five) years, when it is specified in the insurance contract that the sum insured is determined in accordance with the replacement value principle, is equal to the amount of insurance object restoration costs calculated in accordance with the procedure set forth in Articles 7.3, 7.4.1 or 7.4.2 of these Terms and Conditions without reducing it by the amount of depreciation.

**7.6.** Amount of depreciation, set for the moveable property, which is not insured in accordance with the replacement value principle, is determined in the amount, provided below for 1 (one) year:

Groups of moveable property	%
Electrical appliances	15
Furniture and interior decoration (including built-in furniture, carpets, curtains, work instruments, work tables)	5
Computers and their components (including printers, scanners, computer audio equipment, external memory blocks, modems)	20
Sports and recreational equipment (including bicycles, exercise equipment, skis, musical instruments, fishing equipment)	10
Shoes and clothes (including furs, glasses, watches);	20
Other moveable belongings, not included in the listed groups	10

Upon determining insurance indemnity for the moveable property depreciation of more than 70% (seventy per cent) is not applied, if the moveable property is in operating order and is being used daily.

**7.7.** The amount of actual losses determined by BTA for the damage or loss of the insurance object or a part thereof that was built from materials which at the moment of calculating the loss are not available on the market or use of which pursuant to the effective regulatory enactments is forbidden (e.g., slate with admixture of asbestos) is equal to the minimum amount required to restore the damages or lost insurance object or a part thereof using materials equivalent to the damages or lost material in terms of construction characteristics and shape.

**7.8.** If BTA make a decision to reimburse the Insured for the losses caused due to the insurable event by covering the moveable property repair costs and the Insured refuses to receive repair services at the service centre offered by BTA or to replace the lost or damaged moveable property with the equivalent, BTA is entitled to pay out the insurance indemnity in the amount of moveable property repair or replacement costs it would have cost to BTA.

**7.9.** The insurance indemnity is reduced by the amount paid to the Insured for damages due to the insurable event by the third party responsible for these damages in accordance with the procedure set forth in regulatory enactments of the Republic of Latvia. The Insured is obliged to notify BTA if such amounts are received. If damages caused in such event are completely indemnified, the Insured is not entitled to claim for the insurance indemnity for a respective insurable event. If such amount is paid after receiving the insurance indemnity, the received insurance indemnity shall be paid back by the Insured to BTA.

**7.10.** BTA pays out the insurance indemnity without exceeding the sum insured and the sum insured – loss compensation limit set forth in the insurance contract.

If all items included in any of the aggregations of property or property groups are lost or ruined, the insurance indemnity cannot exceed the sum insured – the indemnity limit or sublimit, if such exists, which is set for a respective aggregation of property or property group.

**7.11.** At its own discretion BTA pays out the insurance indemnity:

**7.11.1.** by paying the calculated loss amount in cash;

**7.11.2.** by paying for the repair of the damaged insurance object;

**7.11.3.** replacing the insurance object with another object in kind.

**7.12.** BTA is entitled to appoint the provider of restoration services for the insured object. Upon written consent of BTA the Insured can choose a different service provider, who will perform restoration works on the insured object. If the Insured wants the restoration of insured object to be done by the service provided, chosen by the Insured, and the calculated costs of restoration of the insured object exceed the costs, offered by the service provider, appointed by BTA, for the restoration services, then BTA is entitled to determine the indemnity, based on the cheapest offer of the provider of restoration services.

**7.13.** When determining the insurance indemnity, the construction organisation related costs are included in the insurance indemnity, including taxes, which are applied to the renovation or restoration works on the insurance object, only in cases, if BTA receives evidence of that the Insured had incurred such expenses.

**7.14.** The deductible is not deducted if, when paying out the indemnity, BTA is entitled to collect the loss in full from the insurance company registered in the Republic of Latvia in accordance with the compulsory civil liability insurance of owners of motor vehicles. In the event when paying out the indemnity BTA is entitled to collect the loss in full from an insurance company registered abroad, the deductible is deducted until the losses are compensated in full, then the deductible is refunded to the Insured.

**7.15.** If in the result of one insurance accident several insured objects are damaged, then BTA applies one biggest deductible, which is provided in the insurance contract.

**7.16.** If the damage is caused by continuous Natural disasters, which are occurring for 72 (seventy two) hours or longer without interruptions, and resulted in damage of several insured objects, then BTA applies one biggest deductible, which is provided in the insurance contract.

**7.17.** BTA is entitled to withhold the unpaid insurance premium from the calculated insurance indemnity.

## **II CIVIL LIABILITY INSURANCE**

### **8. INSURANCE OBJECT**

#### **Insurance object**

**8.1.** The insurance object is legal civil liability of the Insured or Co-insured for the losses caused to third parties due to the management (possession or use) of the real estate specified in the insurance contract by damaging the property of third party, or causing damage to life or health of the third party in the result of action or failure to act of the Insured or Co-insured, including upon performing reconstruction works on the real estate, for performing which construction permit is not required in accordance with the regulatory enactments of the Republic of Latvia.

If the location of validity of insurance contract is provided in the insurance contract as any other territory rather than the address of the insured real estate according to the insurance contract, then the insured object is:

**8.1.1.** General civil liability of the Insured and Co-insured, limited to persons, provided in Clauses b) and c) of Article 8.2.2 of these Terms and Conditions, for the direct damage caused to the third party in relation to damage of property, or life or health of a third party due to activity or failure to act by the Insured or Co-insured at the location of validity of

the insurance contract;

**8.1.2.** General civil liability of Co-insured, limited to persons, provided in Clause a) of Article 8.2.2 of these Terms and Conditions, for the direct damage caused to third parties in relation damage of property, or life or health of a third party due to activity or failure to act by the Insured or Co-insured, using or managing the real estate insured in accordance with the insurance contract.

**Insured**

**8.2.** For the purposes of these Terms and Conditions:

**8.2.1.** The Insured is the owner of the real estate specified in the insurance contract whose civil liability is insured in accordance with the concluded insurance contract;

**Co-insured**

**8.2.2.** Co-insured is:

- a)** an individual who legally resides or dwells upon the consent of the owner in the insured real estate,
- b)** family members of the Insured: spouse or a person, with whom the Insured shares a household, children of majority age, and parents,
- c)** persons, for whom the Insured bears civil liability (minor children of the Insured, mentally affected, for whom the Insured is responsible, someone else's minor children, left to the Insured to be attended in short-term).

The duties, provided in the insurance contract for the Insured, are also binding for the Co-insured. Any action of the Co-insured is deemed to be the action of the Insured under these Terms and Conditions;

**Third party**

**8.2.3.** A third party is any individual or legal entity who incurs losses due to activity or failure to act by the Insured or the Co-insured, and for compensation of damage to whom the Insured is responsible.

The Policyholder, the Insured, Co-insured, relatives thereof to the third generation, the spouse and in-laws to the second generation, as well as companies related to the Policyholder, the Insured, Co-insured and their relatives to the third generation, the spouse or in-laws to the second generation in terms of the Law on Corporate Income Tax shall not be considered a third party.

**9. EXTENT OF THE INSURANCE COVER**

**Losses to be indemnified**

**9.1.** If the parties have agreed upon the civil liability insurance and it is clearly stated in the concluded insurance contract, the following direct losses are indemnified in compliance with the compensation principles within the liability limits set forth in the insurance contract that have been caused by illegal activities or failure to act by the Insured or the Co-insured during the insurance validity period to third parties at the location of the insurance object:

- 9.1.1.** damage to life or health of a third party – death of a third party, loss of labour capacity, temporary loss of labour capacity, physical injury or disease, which is done to the third party;
- 9.1.2.** Property damage – damage or total loss of tangible property and immovable property of Third Party (ownership or legal use);
- 9.1.3.** Rescue expenses – reasonable minimum expenses in relation to immediate damage prevention and reduction measures, if they will not ensure the expected result;
- 9.1.4.** Litigation expenses – expenses coordinated with BTA in writing, related with litigation, which occurred in relation to investigation and regulation of claims of third parties raised against the Insured.

**Limit of liability**

**9.2. Limit of liability** is the sum of money, provided in the insurance contract, which is the maximum sum that can be paid out as an indemnity upon occurrence of insurable event.

- 9.2.1.** Under no circumstances the payment of insurance indemnity occurred due to losses caused by one insurable event can exceed the limit of liability for complaints regarding one insurance case.
- 9.2.2.** All losses, caused by uninterrupted or repeated impact of one and the same cause or circumstances are deemed to be one insurance case, which has taken place in the insurance period, when the first losses occurred.
- 9.2.3.** Insurance indemnities paid out for all insurance events during the

insurance period cannot exceed the total limit of liability of insurance period.

- 9.2.4.** After paying out the insurance indemnity the total limit of responsibility of the insurance period is reduced per the sum of insurance indemnity paid out.

## **10. GENERAL EXCEPTIONS**

### **Losses, not indemnified by BTA**

#### **10.1. BTA does not indemnify the losses:**

- 10.1.1.** Losses caused by an event (damage caused to Third party due to activity or failure to act by the Insured or Co-insured) that took place prior the insurance period start date.  
Regarding the Co-insured, BTA does not indemnify the losses, which were caused by an event that had taken place prior the person was deemed Co-insured in accordance with these Terms and Conditions;
- 10.1.2.** indirect losses, including decrease in anticipated profit and unearned income;
- 10.1.3.** losses that the Insured or the Co-insured has undertaken to indemnify in accordance with the contract and that would have not otherwise occurred;
- 10.1.4.** penalties, fines, delayed interest, interest, as well as other legal or legitimate sanctions;
- 10.1.5.** losses related to moral damage, including dismemberment and deformity;
- 10.1.6.** losses caused by the denigration of honour and dignity;
- 10.1.7.** losses caused due to operating a motorised land, water or air vehicle, including drones;
- 10.1.8.** losses occurred due to damage of property:
- a)** belonging to the Insured or Co-insured,
  - b)** rented, borrowed or accepted for sale by the Insured or Co-insured,
  - c)** being under supervision (responsibility), control or preservation of the Insured or Co-insured;
  - d)** being transported by the Insured or Co-insured,
  - e)** or objects, processed or otherwise affected by the Insured or Co-insured;
- 10.1.9.** losses related to unexplainable disappearance or theft;
- 10.1.10.** losses caused by construction, repair, renovation or reconstruction works subject to a respective permit.
- 10.1.11.** losses caused by intentional violation of requirements of regulatory enactments, construction requirements, technical exploitation or fire safety requirements;
- 10.1.12.** losses caused directly or indirectly by the construction materials or other materials, containing formaldehyde in amounts, exceeding the limits set in the regulatory enactments;
- 10.1.13.** losses directly or indirectly caused by insured real estate foundation settling or bulging;
- 10.1.14.** losses caused by flood due to stagnant or streaming waters, or changes of ground water level;
- 10.1.15.** losses caused in relation with the continued processes (e.g. vibration, heat, odour, radiation, light, smoke, soot, vapour, moisture, gas, mould, toxic mould, fungus damage, brick bacilli);
- 10.1.16.** losses caused by pollution of air, soil or water;
- 10.1.17.** losses in relation with use or presence of asbestos;
- 10.1.18.** losses caused by any type of electromagnetic field or electromagnetic radiation impact, including those caused by transmission lines or any objects, powered by electricity;
- 10.1.19.** losses caused by interruption of electricity, gas, water or heat supply, or their loss or increased consumption;
- 10.1.20.** losses directly or indirectly caused by oncological or infectious diseases;
- 10.1.21.** losses caused by the Insured or Co-insured, acting as owner, keeper or care supervisor of animals, including pets, exotic animals or domesticated wild animals;
- 10.1.22.** losses caused by leakage of liquid from fish tank, the size of which

exceeds 50 litres;

- 10.1.23.** losses resulting in from a causal relationship of the Insured or the Co-insured being under the influence of alcohol, narcotic or toxic substances;
- 10.1.24.** losses to be indemnified from the State social insurance budget according to regulatory enactments of the Republic of Latvia by granting pensions and benefits or from the State or municipal budget by receiving benefits;
- 10.1.25.** losses caused by professional or economic activity of the Insured or Co-insured, including internship or acquiring a profession without remuneration;
- 10.1.26.** losses caused by the use of weapons;
- 10.1.27.** losses caused by the use of fireworks or other uncontrollable flying sources of open fire;
- 10.1.28.** losses caused by events related to use or management of the real estate, including reconstruction or renovation, if the real estate is not insured in accordance with the insurance contract.

## **11. INSURANCE INDEMNITY AND PROCEDURE OF PAYING IT**

### **Preconditions to disbursement of insurance indemnity**

#### **11.1.** General Preconditions to disbursement of insurance indemnity.

There are grounds for reimbursement, if:

- 11.1.1.** Activity or failure to act of the Insured or Co-insured results in damage to Third party, which takes place at the location of insurance contract;
- 11.1.2.** Activity or failure to act of the Insured or Co-insured results in damage to Third party, which takes place during the period, indicated in the insurance contract;
- 11.1.3.** Losses to Third party were caused during the insurance period;
- 11.1.4.** A written claim file is submitted to BTA during the period of insurance or during the extended period for claiming indemnity of losses.

Extended period for claiming indemnity of losses is the period of 3 (three) years after the expiration of the insurance period, provided in the insurance contract. In this period any third party can submit claim or notification of losses to the Insured or BTA. If the validity of the insurance contract is terminated before the end of insurance period, the extended period for claiming indemnity of losses starts on the date of termination of the insurance contract.

### **Amount of insurance indemnity**

#### **11.2.** Upon the occurrence of an insurable event, BTA pays out the insurance indemnity in the amount that corresponds to the amount of direct losses caused to a third party, including the rescue and litigation expenses, but not exceeding the liability limits, set forth in the insurance contract and less deductible.

### **Procedure of disbursement of insurance indemnity**

#### **11.3.** Procedure of disbursement of insurance indemnity:

- 11.3.1.** Insurance indemnity is paid out to the third party, who has the right to receive insurance indemnity;
- 11.3.2.** If after written agreement with BTA the Insured has compensated the damage, caused to the third party, from own funds, BTA pays out the insurance indemnity to the Insured, when the Insured submits documents, proving the fact and the amount of compensation of losses for damage, caused to the third party;
- 11.3.3.** BTA indemnifies litigation expenses to the Insured.

#### **11.4.** If in case of insurable event the damage is caused to several persons and the amount of losses exceeds the liability limit, provided in the insurance contract as the limit for claims per one insurable event, BTA pays out insurance indemnities as follows:

- 11.4.1.** proportionally to the amount of losses for all claims, which are submitted to BTA before the day of disbursement of the first insurance indemnity, and until the moment, when the sum of all disbursed insurance indemnities reaches the limit of liability provided in the insurance contract;
- 11.4.2.** in order of receiving the submitted claims, if claims were submitted consequently, and until the moment, when the sum of all disbursed insurance indemnities reaches the limit of liability provided in the

insurance contract.

**11.5.** The following conditions are applied to claim adjustment:

**11.5.1.** in the event that the Insured, Co-insured or another person on his or her behalf without written agreement with BTA gives a promise to a third party regarding claim settlement, such promise is not binding on BTA;

**11.5.2.** if, contrary to BTA recommendations, the Insured or the Co-insured refuses to settle claims of a third party for the amount recommended by BTA, BTA is entitled to pay out the insurance indemnity only in the amount recommended by BTA for the claim settlement.

**11.6.** Upon agreement of the parties, BTA is entitled to take over and examine and settle on behalf of the Insured or the Co-insured any claim or complaint, or to find an amicable solution stage or instance of its consideration, as well as to bring an action and represent the interest of the Insured or the Co-insured in court. BTA is free to choose the way and strategy of settlement of a claim, but the Insured and the Co-insured are obliged to provide BTA with all required information or assistance to settle this procedure, including granting BTA the required authorisation.

**11.7.** If loss prevention or minimisation measures are not taken due illegal activities of the Insured, the Co-insured or the Policyholder and therefore the amount of losses increases, BTA is entitled to respectively reduce the insurance indemnity when calculating it.

**11.8.** If other persons reimburse third parties for the caused loss, BTA only pays out the difference between the amount of insurance indemnity to be paid out in accordance with the insurance contract and the amount reimbursed by other persons. The Insured or the Co-insured is obliged to inform BTA of such reimbursement.

**11.9.** If it is established that several persons are jointly liable for the losses, the insurance indemnity is paid out to the third parties in proportion to the level of liability of the Insured or the Co-insured.

### **III OTHER TERMS AND CONDITIONS**

**Settlement of disputes**

**12.** All disputes arising between the parties of the insurance contract shall be settled by means of negotiations. If mutual agreement cannot be reached, any dispute, disagreement or claim ensuing from the insurance contract that is related to it or its violation, termination or invalidity, shall be settled in a court of the Republic of Latvia in accordance with the effective regulatory enactments of the Republic of Latvia.

The Insured has the right to submit a complaint to Ombudsman of the Association of Latvian Insurers, if such settlement of dispute is provided by its regulations.

**BTA General Insurance Terms and Conditions**

**13.** The BTA General Insurance Terms and Conditions and these Terms and Conditions are published at the BTA website on the Internet <http://www.bta.lv>.

All issues not stipulated in these Terms and Conditions shall be settled in accordance with BTA General Insurance Terms and Conditions and effective regulatory enactments of the Republic of Latvia.

**Applicable regulatory enactments**

**14.** These Terms and Conditions are applicable to insurance contracts, which are concluded starting with 1 December 2015, unless the Parties have agreed otherwise in the insurance contract.