

# Terms and Conditions of Private Person's Property Insurance PPWL 16/1

Valid from September 1, 2016

*Translation from the Latvian language.*

*If the insurance terms have been translated and there is disagreement over the translation, the insurance terms in the Latvian language shall be considered to be prevailing.*

## I. INSURANCE OBJECT

1. According to an Insurance contract an Insurance object is a Real estate and/or Household items located at the address specified in an Insurance policy.

### 1.1. A house/building as an Insurance object includes:

1.1.1. All the structural elements of a building and components thereof including glazing, doors, stairs and exterior finish and other elements that have been mentioned in a building design (technical design) approved according to the general construction standards and that have been installed according to the design;

1.1.2. Cost of internal finish, unless it is stated otherwise in an Insurance policy;

1.1.3. Systems of heating and cooling, gas supply, water supply and sewage, ventilation, control and communication systems as well as other engineering systems specified in a design, including cables, pipes, flues and tanks up to their connection to public networks;

1.1.4. Structures that are specified in a design and attached to a building from outside and that do not perform advertising or other commercial functions;

1.1.5. Satellite antennas, radio and TV antennas, lighting fixtures installed on an insured building;

1.1.6. Garages and household buildings as specified in a design (except sauna buildings, piers, coast line structures and other buildings constructed on water) located at the address (100 meter radius around a house) as specified in an Insurance policy with the total area not exceeding 20 square meters and its value does not exceed 10 % of a residential building's Insurance value but no more than EUR 10 000;

1.1.7. Facilities of a territory if they are located on the plot attached and have been fenced. The facilities of the territory undermine stationary mounted benches, tables, flagpoles, playground elements, lighting fixtures, sheds, bowers, pavement as well as a fence separating the owned plot (where the insured building is located) from the remaining territory. When an Insured event takes place the limit of the maximum indemnity is no more than EUR 10 000. The total insurance indemnity for a damage of the residential building and facilities of the territory may not exceed the Insurance amount of the residential building specified in the Insurance policy;

1.1.8. Territory greenery elements if they are located on a plot attached to an insured building and have been fenced. Hedges, decorative greenery, fruit trees are undermined with territory greenery elements, except soil and annual plants. The risks "Fire" and "Motor vehicle impact" refer to territory greenery.

### 1.2. An apartment as an Insurance object includes:

1.2.1. All the structural elements of an apartment which are constituting an integral part thereof including walls, floor decks, windows, glazing, doors and other elements that have been mentioned in a building design (technical design) approved according to the general construction standards and that have been installed according to the design;

1.2.2. Systems of heating and cooling, gas supply, water supply and sewage, ventilation, control and communication systems as well as other engineering systems specified in the a including cables, pipes, flues and tanks;

1.2.3. Costs of apartment's internal finish unless it is stated otherwise in an Insurance policy;

1.2.4. Apartment owner's shared ownership parts of a multi-apartment house (shared area, roof, stairway). Indemnity amount for shared joint ownership parts is calculated pro rata to area of insured premises and the total area of a building but not exceeding an Insurance amount of an apartment insured. The indemnity for damages of the shared ownership parts is paid if the damaged joint property is restored;

1.2.5. Auxiliary room – storage room is located in the same multi-apartment house as the insured apartment and it belongs/is owned by the owner of the

apartment. The indemnity limit is set as 10 % of the apartment's Insurance amount, maximum EUR 5 000 per one Insurance event and in total for several Insurances event within a period.

**1.3. Interior finish** – costs for repair works done in premises, for wall, floor and ceiling finish materials up to bearing structures as well as for engineering systems that are being rebuilt, changed or removed without causing a damage to building/apartment stability and not violating rights of other owners' building/apartment.

1.3.1. When insuring internal finish, the built-in furniture (except household appliances) is insured with the insurance limit of EUR 1 000 per an Insured event or in total for several Insured events within a period.

**1.4. By insuring Real estate the set out below property is not insured, unless it is specified otherwise in an Insurance policy:**

1.4.1. Engineering systems and pipelines thereof, electric power lines, cables, sewage tanks and wells located outside an insured object;

1.4.2. Advertising boards, signboards and other equipment or appliances that are installed on or at a building and that are not associated with the operation of the building and that do not ensure functioning of the building;

1.4.3. Real estate property that is under reconstruction or construction;

1.4.4. Walkways, sports area coverings, pools, bridges, berths, piers, ramps, etc.;

1.4.5. Greenhouses, boat sheds and similar temporary structures;

1.4.6. Property that is not inhabited continuously;

1.4.7. Pumps and other appliances located under a ground or immersed in wells, pools, ponds and similar water reservoirs.

**1.5. Household items as an Insurance object include items** that belong to a Policyholder, Insured person and/or Co-insured person and these items are intended for daily use located at a residential house, apartment or in a closed and fenced territory according to an address specified in an Insurance policy.

### 1.5.1. Household items may be insured:

1.5.1.1. **According to a list**, that an Insured person has declared in a written form and has submitted it to an Insurer and the Insurer has agreed to insure these items. In this case the list of Household items to be insured is an integral part of an Insurance policy;

1.5.1.2. **Without any list** any household item or asset is insured if value of an item or asset does not exceed EUR 3 000. Maximum insurance value for one item is EUR 3 000, whereas for a set of equal usage Household items – 35 % of the total Household items without any list.

## Insurance amounts

**1.6. By insuring household items without any list the Household items are classified in the following application groups:**

1.6.1. Furniture and carpets;

1.6.2. Kitchen and household appliances;

1.6.3. Kitchen and household electronic appliances, including irons, hair-dryers, food processors, mixers, table/floor lamps, tableware and dishes;

1.6.4. Hardware and other electronics, including video, photo, audio and TV equipment;

1.6.5. Clothing, footwear, underwear, mattresses, pillows and other articles of bedding;

1.6.6. Leisure and sports equipment, including bicycles, skis, snowboards, skates, baby carriages. The limit of an Insurance indemnity is not applied for household items insured as Active recreation equipment;

1.6.7. Other Household items insured as an aggregate and they comprise one group of items.

**1.7. The sum of losses to be indemnified is always limited to an Insurance amount of the corresponding item group without exceeding the total Insurance amount of the Household items if losses are to be indemnified in several groups of the Household items.**

**1.8. By insuring the Household items, in addition the list below with property/costs is insured with maximum limit of an indemnity of EUR 1000 per Insured event unless other Insurance amount is stated for this property in a list of Household items:**

- 1.8.1. Household items intended to be used outside of premises and their insurance covers risks of theft, robbery and motor vehicle impact in the entire territory of the Republic of Latvia during their usage are insured under the condition that they are under continuous monitoring and control of a Policyholder, Insured person or Co-insured person or they are placed in locked facilities;
- 1.8.2. The item located in an Insured building/apartment and this item belongs to an employer but is used by a Policyholder, Insured person or Co-insured person in order to fulfil direct employment responsibilities;
- 1.8.3. The set of winter/summer reserve tyres and/or discs for a passenger vehicle stored in an insured building, apartment or auxiliary building;
- 1.8.4. The Household items stored in an auxiliary building (household building, garage, etc.);
- 1.8.5. Jewellery, paintings;
- 1.8.6. Costs for renewal of payment cards, documents verifying the identity and property rights, personal vehicle keys and alarm remote control.

**1.9. By insuring Household items the following items are not insured, unless otherwise stated in an Insurance policy:**

- 1.9.1. Hired or rented property;
- 1.9.2. Data and software contained by information technology equipment, data carriers, drawings, registers, agreements, models and templates, licences and patents, audio and video records;
- 1.9.3. Items that a person has not acquired holder's licences or special permissions as envisaged by the legislation enactments of the Republic of Latvia for holders of these items;
- 1.9.4. Building materials and equipment;
- 1.9.5. Means of transport (except bicycles, tractors, excavators, self-propelled and similar motor vehicles; aircraft, ships and boats);
- 1.9.6. Money, securities (including non-used stamps), excise duty stamps, coupons, lottery tickets, bills of exchange, cheques, claim and payment documents, payment cards;
- 1.9.7. Medicines, psychotropic substances, weapons, ammunition and other dangerous and inflammable substances;
- 1.9.8. Musical instruments, wrist-watches, mobile phones and their accessories, natural fur and their accessories;
- 1.9.9. Precious stones, precious metals, antiquities and antique furniture, collection items, rare books, and artworks;
- 1.9.10. Alcoholic beverages, tobacco products, foodstuffs;
- 1.9.11. Plants, animals and domestic animals;
- 1.9.12. Agricultural products.

**Household items may also be insured as Active recreation equipment and this is to be stated in the Insurance policy.**

**1.10. Active recreation equipment** includes the following Household items: portable computer, video camera, photo camera, bicycle, skis, ski boards, skates, baby carriages, tents and other tourism and sports inventory items.

- 1.11. An Insurer will cover the accidental, unforeseen, direct, physical damage or loss of Active recreation equipment caused by third party action related to:
- 1.11.1. Risk of theft;
  - 1.11.2. Risk of robbery;
  - 1.11.3. Risk of Motor vehicle impact;
  - 1.11.4. Fire risk.

**1.12. Active recreation equipment is insured during the time when it is located:**

- 1.12.1. At the address stated in the Insurance policy (during storage);
- 1.12.2. Within the territory of the Republic of Latvia (when it is being used).

**1.13. Active recreation equipment may be insured:**

- 1.13.1. **According to a list**, that an Insured person has declared in a written form and has submitted it to the Insurer and the Insurer has agreed to insure these items. In this case the List is an integral part of an Insurance policy. Indemnity limit – EUR 2 000 per Insured event;
- 1.13.2. **Without any list**, by indicating the total amount of Active recreation equipment. In this case all Active recreation equipment that belongs to a Policyholder or Policyholder's family members is insured without specification of any positions. Indemnity limit – EUR 1 000 per Insured event.

**1.14. By insuring Active recreation equipment an Insurer does not cover loss or caused damages**, if when Active recreation items are stolen and when they are located outside the address stated in an Insurance policy the items has not been fixed or locked to a stationary object and/or could be freely moved.

**1.15. By insuring Active recreation equipment**, unless otherwise stated in an Insurance policy, the following items are not insured:

- 1.15.1. Hired or rented property;
- 1.15.2. Mobile phones, smart devices, glasses, watches;
- 1.15.3. Ships, boats;
- 1.15.4. Motorized vehicles;
- 1.15.5. Clothing;
- 1.15.6. Electronic devices.

**1.16. Pet (dog and/or cat) insurance**, if as a result of an Insured event a pet has died. Purchase costs of an equivalent pet are covered but no more than EUR 50 for outbred pet and EUR 500 for pedigreed pet per Insured event and in total for several Insured events within a period without deductible.

## II INSURANCE AMOUNT AND VALUE OF AN INSURANCE OBJECT

1. The insurance amount of a property based on the value of an insured property is determined by a mutual agreement of a Policyholder and Insurer. The Insurer is not liable for an Insurance amount stated by the Policyholder.
2. Insurance amount needs to correspond with a restoration value of an Insurance object. Restoration value is the amount required in order to:
  - 2.1. For a house, building, apartment – to restore it at the previous quality level and scope or to build a new one that would be equal with the same Real estate structures, parameters and intended for the same application at the previous location, including engineering systems and costs related to a construction design;
  - 2.2. For interior finish and repair – to restore the premises in the previous quality and scope as the premises were just before the Insured event;
  - 2.3. For Household items – to purchase or make a new household item of the same kind, quality and designation as the previous one.
3. If physical depreciation of a Real estate exceeds 40 (forty) % at the moment of conclusion of an Insurance contract, then the Insurance amount of the Real estate shall not exceed the real value of the Insured object.
4. If the Insurance amount of the Insurance object is less than the Insurance object value or exceeds it, then, upon occurrence of an Insured event, the Over-insurance or Under-insurance provisions shall apply.
5. The Over-insurance provisions shall apply if the Insurance amount according to one or more Insurance contracts relating to one and the same Insurance object exceeds the value of the Insurance object (Over-insurance); in the case of occurrence of an Insured event, an Insurance indemnity shall not exceed a restoration value or a real value of the Insurance object as it was just before the occurrence of the Insured event.
6. The Under-insurance provisions shall apply if the Insurance amount according to one or more Insurance contracts relating to one and the same Insurance object is less than the value of the Insurance object (Under-insurance), and the Insurer shall pay the Insurance indemnity in the proportion equal to the relation between an Insurance amount and this value.
7. The Under-insurance provisions may not be applied in the case if an Insurance amount of an Insurance object is not less than 85 % of the Insurance object value.

## III. INSURED RISKS

Only the risks indicated in an Insurance policy are insured.

### 1. NAMED RISKS

- 1.1. **FIRE RISKS.** The Insurer shall cover sudden and unforeseen, direct material loss or damage to a Real estate and Household items caused by :
  - 1.1.1. **Fire** – burning with flames that broke out in a place not foreseen for fire or in a place foreseen for fire and continued to expand independently. The insurance shall cover also a loss or damage caused by heat, smoke or soot generated by a fire or a burning object or an object heated up in the result of burning.
  - 1.1.2. **Lighting** – a lighting that has struck directly an insurance object.
  - 1.1.3. **Explosion** – sudden and destructive expression of the pressure force based on the expansion property of gases or vapours. An explosion of a pressure boiler, pipeline or tank filled with gas or vapour under pressure is a situation when the walls thereof are destroyed to the extent that the pressure inside the vessel becomes equivalent to the ambient pressure.

1.1.4. **Aircraft** – fall of an aircraft, a part thereof or a cargo thereof onto an Insured object.

**1.2. WATER RISKS.** The Insurer shall cover sudden and unforeseen, direct material loss or damage to a Real estate and Household items caused by:

1.2.1. **Breakdown of water supply, heating or sewage systems** – leakage of liquid or steam resulting from a sudden and unforeseeable breakdown or other damage:

1.2.1.1. Of water supply, sewage, heating or firefighting system and pipelines thereof installed in the building;

1.2.1.2. From a tank or vessel used for storage of liquid, or of a running equipment, provided that the tank, vessel or equipment is permanently be connected with the engineering systems;

1.2.1.3. Caused due to actions or inactivity of third parties;

1.2.1.4. Caused by frost (if during a day when a risk takes place air temperature at an insurance address was no lower than -15 °C) once during an Insurance period if engineering systems at the Insurance object have been built according to existing building standards and the design and if engineering systems have been sufficiently maintained and if the premises are a permanent place of residence.

1.2.2. **Engineering systems.** When the risk “Breakdown of water supply, heating and sewage systems” takes place restoration or repair costs are covered for a damaged pipeline part or fixed installations that caused a leakage of liquid or vapour. Insurance indemnity limit is EUR 7 000 per Insured event but no more than 10 % of an Insurance amount of a building/apartment. This loss will be covered if an Insurance object stated in an Insurance policy is a building/apartment.

1.2.3. **Overflow** – a sudden and previously unforeseen leakage of liquid or steam due to an ordinary negligence of the Policyholder, the Insured person or Co-insured person if overflow of liquid or vapour was caused from:

1.2.3.1. Water supply, sewage, heating or firefighting system and pipelines thereof installed in the building;

1.2.3.2. A bathtub, sink, pool, aquarium or reservoir, which is used for liquid storage or operating devices permanently connected with the above-mentioned pipes or systems.

1.2.3.3. If an Insured event takes place the deductible of EUR 500 is applied.

1.2.4. **Precipitation water** – entry of precipitation water in an Insured object through a roof and/or wall construction seams and/or wall joints. The limit of an Insurance indemnity is EUR 1 000 per Insured event during an Insurance period.

**1.3. RISKS OF NATURE DISASTERS.** The Insurer reimburses sudden and unforeseen direct material loss or damage to a Real estate or Household items if they have been caused by:

1.3.1. **Storm** – air mass flow, speed no lower than 18 (eighteen) metres per second.

1.3.2. **Floods** – flooding of a lesser or bigger area by water which has overrun the limits of water bodies or basins, if at this location floods have not taken place within last 10 years starting from the moment when an Insured event takes place.

1.3.3. **Hail** – precipitation in a form of ice pieces.

1.3.4. **Earthquake** – natural quaking of the earth surface or movements in the earth crust which are at least of magnitude 4 according to the Richter scale.

1.3.5. **Weight of snow or ice** – an excessive snow or ice mass created as the result of a continuous and intensive snowing, by destroying or damaging the roofing or the supporting structures of the building, if due to justified reasons there was no possibility to clean the snow.

1.3.6. **Falling down of trees, masts and piles** – free falling-down of a tree, mast or pile located close to an Insured object, as the result of the gravitation force or due to mechanic impact of the third parties.

**1.4. LOSS CAUSED BY THE THIRD PARTIES.** The Insurer shall cover sudden and unforeseen direct material loss or damage to a Real estate or Household items caused by:

1.4.1. **Burglary or malicious mischief** by breaking in or trying to break in at an insured place stipulated in an Insurance policy by damaging structures, locks and/or fencing elements that protect access to a place insured.

1.4.2. **Robbery** – acts of violence or applying of force or also threats to apply it immediately against a Policyholder, Insured person or Co-insured person.

1.4.3. **Illegal acts of the third parties** – deliberate, physical destroying or damage of an Insurance object done by the third party. During an Insurance period damage caused by paints and/or other substances with an Insurance indemnity limit of EUR 1 000, but no more than 10 % of an Insurance amount of a building/apartment.

1.4.4. When the risks “Burglary”, “Robbery” or “Illegal acts of the third parties” take place an Insurer covers cost of lock purchase and change without applying deductible. Indemnity limit – EUR 150 per Insured event during an Insurance period.

1.4.5. **Repair works by neighbours** – damage caused to structure elements and interior finish except the damage caused by water to insured apartment and/or multi-unit house as the result of repair works done by neighbours. Insurance indemnity limit is EUR 10 000 per Insurance event within an Insurance period but no more than 10 % of an Insurance amount of an apartment/multi-unit house.

1.4.6. **Motor vehicle impact** – a sudden and unforeseen collision of any motorized land vehicle with an Insured object. Deductible is not applied if there is information on a motor vehicle that has caused damage and an accident is registered at the Road police.

1.4.7. **Loss caused by tenants** – illegal destroying or damage of an Insured object. They are covered if there is a written rental contract between a tenant and owner of insured building or apartment and Certificate of acceptance is signed with list of items.

**1.5. OTHER RISKS.** The Insurer covers direct material costs for:

1.5.1. **Loss and/or damage caused to an insured Real estate, a part thereof or Household items as the result of Restoration works**, except cases when it was required to receive a building permit to perform these restoration works. Risk is effective if during the restoration works any of the Insured risks takes place. When the Insured event takes place deductible of EUR 700 is applied. The exception to this is when damage and/or loss have been caused as the result of performing hot works (welding, operation of a dryer, blowtorch etc.). In these cases the deductible applied will be 50 % of loss but at least EUR 700 per event.

1.5.2. **Breakage of glazing**, if glazing and/or glass sheets (except wired and/or special tempered glass, engraved glass, stained glass, silvered, corrugated glass, curved or ornamental glass ) of external windows and doors of the apartment /building have been broken for any reason. Costs required for a temporary cover of a broken glazing are also reimbursed but not exceeding 10 % of an Insurance amount of the damaged glazing.

1.5.3. **Substitution of dwelling**, if as the result of an Insured event an Insured object (dwelling area) has become completely unsuitable for living. All required moving expenses and/or costs for rent verified by documents related to temporary staying somewhere else are reimbursed.

1.5.3.1. The property substitution insurance is valid if a Real estate is insured for a restoration value and if a living area selected for provisory residence as well as the maintenance costs thereof have been agreed with an Insurer beforehand.

1.5.3.2. Rental costs are indemnified starting from the following day after the date when the temporary living area has been hired but no longer than for 6 months. Insurance indemnity limit is EUR 40 per day but not exceeding 15 % of the Insurance amount for a damaged Real estate.

1.5.3.3. The liability of the Insurer for a dwelling substitution ends if any of the below conditions is fulfilled:

1.5.3.3.1. The property has been restored at the former value as before the Insured event took place;

1.5.3.3.2. The Insurer has substituted the damaged property with the same/similar property;

1.5.3.3.3. The insurer has indemnified for the damaged property by paying the Insurance indemnity.

1.5.4. Seesam 24/7 Home service (phone: 67 06 10 00) – technical help to eliminate and/or to limit causes and reasons of loss or damage (by providing consulting and/or ensuring organized help) in emergency related to an insured apartment/building. Service is provided 24 hours per day, 7 days a week including public holidays in the entire territory of the Republic of Latvia, including services of a locksmith, plumber, woodworker, roofer, drying and cleaning service, security, transportation, including moving of Household items, support and consulting phone service as well as allocation of support from state/local municipality institutions.

1.5.4.1. The total limit of this service is EUR 300 per submitted Insured event and/or one or several services have been provided. These costs are indemnified by the Insurer.

1.5.4.2. Deductible amount for usage of the service is not applied.

1.5.4.3. Service shall not be ensured if the actions of Policyholder, Insured person or Co-insured person have signs of malicious character (doors of a dwelling are not opened; person is not able to prove its rights regarding a use of the corresponding Real estate, etc.).

#### 1.5.4.4. Seesam 24/7 home service does not include:

- 1.5.4.4.1. Replacement of damaged parts with identical new parts like they were before the damage has occurred;
- 1.5.4.4.2. Reimbursing of costs for services if they were requested and received from other similar service providers.

### 2. ALL RISKS

The Insurer reimburses sudden and unforeseen direct material loss or damage to Real estate or Household items taking into account the limits and exceptions stated in these terms and conditions. Loss for additional risks stated in Article 3 of Part III is reimbursed if it has been indicated in an Insurance policy.

### 3. ADDITIONAL RISKS

3.1. The Insurer indemnifies loss for:

- 3.1.1. **Phenomenon of electrical nature** – damage caused to the appliance itself that has been caused by the electrical damage in the device (short-circuit, overvoltage) that has irreversibly damaged the insulation of the electrical appliance and has not been caused as the result of any action of a person.
- 3.1.2. **Loss or damage caused as the result of Construction works** to the insured Real estate, a part thereof or Household items under a condition a building permit has been received and the Insurance object is not used for performing of commercial operations. Insurance is valid if any of Insurance risks occurs during the construction works. The deductible of EUR 700 is applied when an Insured event occurs. The exception to this is when a damage and/or loss have been caused as the result of performing hot works (welding, operation of a dryer, blowtorch etc.). In these cases the deductible applied will be 50 % of loss but at least EUR 700 per event.

## IV. REGULATION OF LOSS

### 1. What needs to be done when an Insured event takes place?

If an Insured event has taken place, a Policyholder, Insured person and/or Co-insured person:

1.1.1. Shall inform the corresponding state, municipal or other competent institution about any event of property damage:

- in case of illegal actions of third parties – state police or Municipal police of the corresponding region;
- in case of fire or explosion – State Fire and Rescue Service;
- in case of liquid or vapour leakage – a building manager or other corresponding service.

1.1.2. It is necessary to perform actions for decreasing of loss amount and to inform the Insurer about the Insured event by calling to 24-hour helpline: 67 06 10 00;

1.1.3. According to possibilities to coordinate saving and conservation works without leaving the property unattended;

1.1.4. It is necessary to ensure possibility of the Insurer to determine and to assess an amount of loss and circumstances having caused the loss as well as to ensure access of the Insurer to the damaged object.

### 2. What activities are prohibited after the Insured event?

Without a written permission of the Insurer it is not allowed:

- 2.1. To start repairing and restoration works of the damage property except the works that are required immediately to avoid the continuation of loss;
- 2.2. To relocate the Household items from the Insured location or to get rid of any of damaged property;
- 2.3. To admit liabilities on behalf of the Insurer or to give promises for a payment of the loss indemnity.

### 3. How to submit a claim?

Immediately after the occurrence of an Insured risk, as soon as it is possible but no later than within 3 (three) working days to inform the Insurer in a written form by submitting an claim form that is available on the Insurer's website [www.seesam.lv](http://www.seesam.lv).

### 4. What happens when an insurance claim is sent to the Insurer?

4.1. Immediately after a receiving of an insurance claim, as soon as possible, but no later than within 3 (three) working days by assessing the information stated in the insurance claim the Insurer requests documents for determining and assessing of accident conditions and the amount of loss or organizes a visit of the Insurer's representative for an inspection of a location.

4.2. The Policyholder, Insured person and/or Co-insured person are required

to provide the documentation required to the Insurer and its representative for determining of the circumstances that caused the occurrence of the loss.

### 5. Determining the circumstances of the Insured event

5.1. The Insurer assesses the claim submitted by the Policyholder, Insured person and/or Co-insured person and other documents to determine whether the event of occurrence of the Insured risk is the Insured event.

5.2. The Insurer, at his sole discretion, may pass decision on attraction of an expert for determination of the Insurance indemnity amount; the expert's opinion shall be binding both to the Policyholder and the Insured person.

### 6. Calculation of the loss amount

6.1. The calculation of the loss amount is based on expenses below in the form of money, i.e. the expenses that are required for the Insured object to be restored or replaced at the equal quality and amount (including all construction and related costs) as it was just before the occurrence of the Insured event.

6.2. The Policyholder, Insured person and/or Co-insured person shall be indemnified the loss that have occurred in relation to an Insured event and are proved with the corresponding documents.

6.3. In case the physical depreciation of a Real estate (internal or external finish) right before an Insured event:

6.3.1. Is 40–60 %, then the loss to be reimbursed is reduced by the physical depreciation of the property;

6.3.2. Exceeds 60 % then loss to such property is not reimbursed.

6.4. In case of a complete loss the loss to be reimbursed are replacement costs for the same type and quality Real estate or Household items as at the moment of the Insured event.

6.5. If an apartment is insured at a market value and after an Insured event it is impossible to restore it then loss is reimbursed by a replacement of it with an apartment of the same type and quality at the same or other location.

6.6. If a restoration or replacement of a Real estate or Household items is not done and an Insurance indemnity is paid as money then reimbursed losses shall not exceed the actual or market value of a damaged property and in addition the lowest of aforesaid shall be taken into account.

6.7. If at an occurrence of an Insured event shared ownership part (roof, elevator, stairways, heating appliances, etc.) of building is damaged, an Insurance indemnity is covered for these losses at the extent of shared ownership part.

### 7. What additional expenses are reimbursed?

7.1. Proven and reasonable additional expenses are reimbursed but no more than 10 % of an Insurance amount of a damaged Real estate and that have arisen to an Insured person in relation to:

7.1.1. Elimination and decreasing of loss or damage;

7.1.2. Moving, removal or destroying of Household items, as well as demolition of ruins, construction waste removal and/or cleaning of damaged premises;

7.1.3. Access to a location of a loss or damage if it is located at an Insured object.

### 8. Determining of an indemnity amount

8.1. The following amounts are withheld from any Insurance indemnity to be paid:

8.1.1. Deductibles if contractual parties have agreed about it beforehand;

8.1.2. Value of a Real estate or Household items that is suitable for further usage if an Insurer is not taking it in own possession.

8.1.3. Value added tax if a receiver of an insurance indemnity is a person which is registered as a payer of value added tax.

8.2. In case if:

8.2.1. A shared payment is applied to an Insurance premium, then an Insurer is eligible to withhold the difference between an amount paid and full Insurance Premium from an Insurance indemnity to be paid.

8.2.2. If an insurance property is insured according to its restoration value an Insured person or Policyholder becomes eligible to receive a part of an Insurance indemnity that exceeds the actual value of an insured property but under the conditions that within 2 (two) years after an Insured event takes places the Insured person or Policyholder will have used this amount to restore a building of same type or suitable for the same purpose at the former location of the building. If such solution at the same location is impossible due to legal or economic reasons then the building may be built at any other location in the territory of the Republic of Latvia.

8.3. For losses that have occurred as the result of risks "Fire" or "Theft" the deductible amount is decreased by 50 % from the deductible amount indicated in an Insurance policy if the following conditions are fulfilled:



- 8.3.1. Insured object is connected to a burglary alarm and fire alarm system;
- 8.3.2. At the moment when an Insured event takes place an alarm system is on and operates properly.
- 8.4. Decreased deductible amount is not valid regarding to:
  - 8.4.1. Auxiliary buildings and Household items located in them;
  - 8.4.2. Wooden structure buildings and apartments in wooden structure buildings;
  - 8.4.3. Objects with straw, shingle and cane roofing.
- 8.5. When an Insured event occurs, external window and door glazing of a dwelling building or apartments is not applied with deductible if:
  - 8.5.1. Property is a place of permanent residence;
  - 8.5.2. Dwelling building or apartment is insured at a restoration value;
  - 8.5.3. Area of one glazing does not exceed 3 (three) m<sup>2</sup>.
- 8.6. When a theft takes place (if it is the insured risk "Theft"), for stolen bicycles that are insured as Household items without any listing then a payment of an indemnity is made if the bicycles have photo fixation and they have been registered in a data base of the Road Traffic Safety Directorate.
- 8.7. When the Insured event occurs depreciation for the Household items will not be applied if they are less than 2 (two) years old (since the moment they have been purchased).

#### 9. Processing of a case and taking a decision

- 9.1. The Insurer takes a decision on a payment of an Insurance indemnity within 2 (two) weeks starting from a day when the Insurer has received all documents and evidence required for a decision-taking.
- 9.2. In case if due to the objective reasons it is impossible to observe the term set then the term is extended up to 6 months.
- 9.3. If an Insured event has been found and parties have agreed about the amount of an Insurance indemnity, the Insurer:
  - 9.3.1. Takes decision about a payment of the Insurance indemnity;
  - 9.3.2. The Insurance indemnity is paid within 5 (five) working days after taking of the decision.
- 9.4. If the Insured event is not found then the Insurer takes the decision to refuse to pay the Insurance indemnity. Within the 5 (five) working days after the decision is made the Insurer informs the Policyholder or the Insured person about the decision taken.

#### 10. How the loss is compensated?

- 10.1. The Insurer as much as possible agreeing with an Insured person is eligible to determine a type of an Insurance indemnity:
  - 10.1.1. Restoration of a damaged property;
  - 10.1.2. Replacing of a damaged property with the property of the same type and quality;
  - 10.1.3. Payment of an indemnity determined for a damaged property in the form of money. The Insurance indemnity does not include taxes applied to performing of restoration works as well as materials for performing of construction and/or repair works.
- 10.2. The Insurer reimburses the losses according to the compensation principle – the ones that have occurred in relation to an Insured event and are justified with the corresponding documents.

#### 11. What happens after the payment of insurance indemnity?

- 11.1. After the Insured event has taken place an Insurance amount is decreased by the amount of an Insurance indemnity. If the Insurance indemnity for an Insured object is paid in full amount then it is regarded that the Insurance contract for the Insured object is terminated.
- 11.2. If a validity period of an Insurance contract is 3 years then after a payment of the Insurance indemnity the Insurance amounts stated in an Insurance policy are renewed at full extent when the new insurance period starts without additional payment of an Insurance premium except cases when it is impossible to restore a Real estate.
- 11.3. If a Policyholder or an Insured person gets back a insured Household items that were stolen or robbed and that were reimbursed by the Insurer at a full amount then it is the liability of the Policyholder or the Insured person to pay back to the Insurer the Insurance indemnity received within 30 day time since getting back of Household items.

### V. DUTIES OF THE POLICYHOLDER, INSURED PERSON AND CO-INSURED PERSON

#### 1. Information about a risk to be insured

- 1.1. By concluding an Insurance contract a Policyholder, an Insured person and a Co-insured person are liable to provide all information that is required for the Insurer for an assessment of a risk to be insured. The Insurer processes the received information and stores it in accordance with requirements of laws and regulations.
- 1.2. The Policyholder and/or the Insured person is responsible for truthfulness and completeness of information provided. Any misrepresentation, incorrect statement and/or concealment may serve as a reason for cancellation of an insurance contract and/or refusal to pay an insurance indemnity.
- 1.3. The Policyholder and/or the Insured person are obliged to inform the Insurer of other valid Insurance contracts covering the same Insurance object.

#### 2. Changes in the initial information

- 2.1. The Policyholder and/or Insured person is obliged to inform the Insurer in a written form as soon as possible of all circumstances that may increase the likelihood of occurrence of an Insured risk or an amount of possible loss as well as inform about any changes in the information provided in an insurance application.
- 2.2. Before conclusion of an Insurance contract, as well as during a period of validity thereof the Insurer is eligible to carry out an inspection of an Insurance object to ensure that the initial information has not changed.

#### 3. Mutual Duties of a Policyholder and an Insured person

The Policyholder is obliged to inform the Insured person on the fact that he/she is being Insured in accordance with an Insurance contract, the terms and conditions of which have been mutually agreed by the Policyholder and the Insurer, as well as the fact that the aforesaid terms and conditions are binding to the Insured person. Also the Policyholder is obliged to explain to the Insured person that these terms and conditions must be adhered to and met. Also the Policyholder is obliged to explain the consequences which might arise in the event if the Insured person fails to perform and/or performs improperly any provision of the Insurance contract.

#### 4. Duties of a Policyholder and an Insured person to protect property and not to allow losses:

- 4.1. To take all safety precautions at own expense aimed at maintenance and protection of insured property and make efforts in order to prevent any loss or damage;
- 4.2. To comply with provisions of regulations, orders and instructions adopted by governmental institutions according to the existing legislation of fire safety and technical operation, construction standards, administrative decisions and binding regulations of municipalities.
- 4.3. To comply with instructions and recommendations of producers regarding Real estate and Household items;
- 4.4. To agree performance of intended works with appropriate authorities before commencement of repair works and obtaining of required permits;
- 4.5. To empty heating and water systems from liquid if a Real estate is not a place of permanent residence and also is not heated if air temperature is below +1°C;
- 4.6. To replace locks immediately if a key of exterior doorways is lost or stolen;
- 4.7. If a Real estate is equipped with fire safety and burglar alarm system, to maintain it in good working order and to switch it on
- 4.8. To lock doors and shut windows or hatches when leaving a Real estate in a way that it would be not possible to get freely in a Real estate without breaking-in or otherwise damaging of locks and other barriers created;
- 4.9. To ensure that repair of electrical installations and electronic devices and other hot works are done by people who have appropriate qualification and documents proving it;
- 4.10. To clean the snow that has accumulated on a roof within a longer period if a layer of the snow is at least 20cm high.

#### 5. Consequences of failing to fulfil duties and/or security requirements

- 5.1. The Insurer is eligible to refuse a payment of an Insurance indemnity or decrease it by 50 % (even in a case of light negligence) if a Policyholder, an Insured person and an Co-insured person:
  - 5.1.1. By concluding an Insurance contract deliberately has provided false information or disclosed essential information that may impact occurring of lost or its amount. In this case an Insurance indemnity is not paid and the Insurer does not return an Insurance premium paid;

5.1.2. During the term of an Insurance contract the Insurer has not been informed in a written form about conditions that may considerably increase a risk for an occurrence of an insured risk or the amount of possible loss;

5.1.3. Deliberately has provided false information in relation to the conditions of an Insured event and an amount of its loss;

5.1.4. Does not provide remains of damaged items (except when they are completely destroyed) or in any other way delays possibility of the Insurer to determine and to assess the amount of loss;

5.1.5. Has not followed or has violated any of the duties and/or conditions of an Insurance contract regarding observing of security requirements and this violation has impacted the occurrence of loss or its amount or also has negatively impacted usage of any rights by the Insurer;

5.1.6. Has caused an Insured risk due to malicious intentions or gross negligence. In this case an Insurance indemnity is not paid and the Insurer does not return an Insurance premium paid.

## VI. CONCLUDING OF THE INSURANCE CONTRACT AND ITS TERMINATION

### 1. Concluding of an Insurance contract

1.1. Insurance contract is concluded basing upon the information provided by a Policyholder and/or an Insured person in an insurance application.

1.2. The Insurer may prepare an insurance proposal before a conclusion of an Insurance contract. In the event if a Policyholder has paid an Insurance premium specified in the insurance offer in a bank account of the Insurer, the Insurance contract is not considered to be concluded unless otherwise is specified in the insurance proposal.

1.3. The duties and other liabilities specified in an Insurance contract equally refer to a Policyholder, an Insured person and their family members and related persons who are using an Insured object with a permission of the Policyholder and the Insured person based on the agreement or other civil-law relations.

### 2. Coming into effect of an Insurance contract

2.1. The Insurance contract is considered concluded and comes into effect on a day following the date of receipt of an Insurance premium or the first part thereof as specified in a policy in the bank account of the Insurer, however, not before the first day of the Insurance period specified in the Insurance policy.

2.2. If the Insurer and a Policyholder have agreed in a written form that an Insurance premium or the first part thereof is to be paid after the date of a conclusion of an Insurance contract, then if the Insurance premium or the first part thereof is paid within the term and in the amount specified by the Insurer, it shall be considered that the Insurance contract has come into effect on the date of the commencement of an Insurance period specified in the Insurance policy.

2.3. If in contrary to the provisions of an Insurance policy an Insurance premium or the first part thereof is not paid within the specified term and in the specified amount, it shall be considered that an Insurance contract has not come into effect on a date of conclusion thereof. The Policyholder and/or the Insured person is not notified by the Insurer separately on the fact that an Insurance contract has not come into effect.

2.4. Payment of an Insurance premium or the first part thereof after the term of payment specified in an Insurance policy does not oblige the Insurer to undertake any liability.

2.5. If an Insurance contract is concluded by using Remote communication means, the same procedure of coming into effect of an Insurance contract as in the case of a conclusion of a contract in the Insurer's office shall apply, except the case when otherwise is specified by the Insurer.

### 3. Termination of the Insurance contract before the end of the time period

3.1. The Policyholder or the Insurer may terminate an effective Insurance contract before the end of the time period according to the cases and procedure envisaged in the Law "On Insurance Contracts" based on a written application. In case of an Insurance contract termination the Insurer shall pay a Policyholder the part of an unused Insurance premium by withholding 25 % of the total Insurance premium for one period. If the balance of Insurance premium is used for covering the payment of other Insurance contract then 25 % are not withheld. If in contrary to the terms and conditions of the Insurance contract a regular Insurance premium has not been paid within the specified term and in the specified amount, the Insurer shall deliver a written notice to the Policyholder and/or the Insured person on a delayed and/or incomplete payment of the regular Insurance premium together with an invitation to pay the remaining part of the Insurance premium in accordance with the terms and conditions of the Insurance contract.

3.2. If the Policyholder and/or the Insured person fails to make a regular Insurance premium within the term and in the amount specified in the notice, the Insurer, after expiration of the term specified in the notice, shall terminate the Insurance contract, without returning back the previously paid Insurance premium to the Policyholder. The Policyholder and/or the Insured person is not notified separately on the fact that the Insurance contract is terminated and the previously paid part of the premium will not be returned.

3.3. Termination of the Insurance contract does not affect the Insurer's right to demand from the Policyholder and/or the Insured person the payment of the Insurance premium or any part thereof for the period when the Insurance contract was in effect.

3.4. The Insured person or the Policyholder shall have the right to terminate an Insurance contract after an occurrence of an Insured event when an Insurance indemnity is paid or before the payment of Insurance indemnity if the Insurer has determined the loss amount of the Insured event. The Insurance contract shall be considered terminated on the 15th (fifteenth) day after a dispatch of a written notice on termination of the Insurance contract unless both contractual parties have agreed in a written form on other procedure for the contract termination.

3.5. If during an Insurance period the Insurer has paid an Insurance indemnity then the Insurer receives full Insurance premium for the Insurance period stipulated in an Insurance policy.

3.6. If during an Insurance period an Insurance indemnity is paid and before the end of the Insurance contract's period a Policyholder terminates the Insurance contract or has not made the next regular payment of the Insurance premium then the Insurer is eligible to charge invoice for the remaining part of the Insurance premium. It is the liability of an Insured person to pay duly and in full amount the charged invoice.

## VII. GENERAL EXCEPTIONS

1. The Insurer is not liable to reimburse loss or damage if damage was caused:

1.1. As the result of long-term processes, e.g. wear, depreciation, corrosion, rust, dripping, soaking, drying out, shrinking as well due to sharp changes of temperature;

1.2. As the result of impact by mould and/or rotting, as well as due to the impact of fungi or condensate;

1.3. As the result of cracking and/or collapsing of houses, buildings, pavements and/or paths as well as settling of foundations, walls or ceilings, hidden defects, landslides or land lifting, ordinary settling, cracking, shrinkage or expansion;

1.4. a Real estate which is in an emergency condition as well as to any Household items located therein;

1.5. Constructions built without an approved design and without a construction permit and any Household items located therein;

1.6. To a part of a Real estate or to Household items that caused occurrence of an Insured risk, except cases when the risks "Engineering systems" or "Phenomenon of electrical nature" have been insured.

1.7. To the part of the insured property that is being under testing, restoring, is being regulated or repaired;

1.8. To houses, buildings and apartments that are not inhabited permanently as well as to any Household items located therein;

1.9. To a Real estate and/or Household items whose presence at the moment when an Insured event occurs is not approved by an inspection of the accident's place, residue of the Real estate or Household items or a property purchase documents;

1.10. When water of rain and water is leaking through a roof and/or wall constructions, except cases if the risk "Precipitation water" is insured;

1.11. When rain or snow melting water is running from gutters outside a building;

1.12. When the precipitation water gets in premises through open windows, doors and joints of therein;

1.13. By overflowing of sewage as the result of rain, thaw or floods;

1.14. Due to municipal or other public water, sewage or heating pipelines that are outside the building and are damaged or clogged;

1.15. When liquid, gas or vapour leaks from the system that is being repaired or fixed at an Insured object;

1.16. From water that has leaked or overflowed from an aquarium, bathtub, sink and/or pool that have been set at an Insured object, except cases when the risk "Overflow" is insured;

1.17. To engineering systems or stationary devices that are more than 20 years old and that have not had an overhaul repair if the insured risk "Engineering systems" have taken place;

- 1.18. As the result of overvoltage, short circuit or overheating, if the Insured risk "Fire" has occurred or except cases if the risk "Phenomenon of electrical nature" has occurred;
- 1.19. Due to interruption of supply of electric power or other public utilities;
- 1.20. As the result of movement of floods and/ice caused by a storm;
- 1.21. As the result groundwater impact;
- 1.22. As the result of frost, precipitation, mud, dust, except cases when such loss or damage has been caused as the consequences resulting from other Insured event that has not been indicated as an exception in an Insurance policy and Insurance terms and regulations.
- 1.23. As the result of malevolent or illegal actions or gross negligence from the part of a Policyholder or an Insured person and/or a Co-insured person;
- 1.24. As the result of an inadequate repair, installation, design, construction errors, inadequate construction of a Real estate, a part thereof and Household items or usage of inadequate and/or non-compliant materials therein;
- 1.25. For a Real estate, a part thereof or Household items if they have been operated, used or maintained in a wrong way;
- 1.26. As the result of violation of provisions of existing legal acts, normative acts, construction standards, technical operation and fire safety regulations;
- 1.27. As the result of performing of construction works requiring a construction permit, except if the risk "Construction works" is insured;
- 1.28. If a Household item breaks down without impact of external forces;
- 1.29. When the loss has been caused to Household items or they have been stolen by third parties if this property was located outdoor and there were no constructive barriers for free access;
- 1.30. In case of war, mass rioting, terrorism, radioactive poisoning, radioactive pollution, military invasion civil war, uprising, revolution and riot in the event of usurpation of military or any other power;
- 1.31. As the result of an explosion or ignition of explosives, fuels and other highly inflammable substances stored in the Real estate;
- 1.32. As the result of an explosion of any nuclear weapon or nuclear substances;
- 1.33. As the result of ionizing radiation or radioactive contamination, nuclear fuel or nuclear waste;
- 1.34. Due to confiscation, forced taking-over, requisition, nationalisation and other forced orders;
- 1.35. As the result of environmental pollution or poisoning;
- 1.36. As the result of a pressure wave caused by aircraft or any other air transport;
- 1.37. Due to effects caused by insects, pests, worms, rodents, animals and birds.

#### VIII. PROCEDURE FOR SOLVING DISPUTES

- For regulation of relationships resulting from an Insurance contract parties shall apply the effective legislation enactments of the Republic of Latvia.
- If the parties have not solved the dispute by negotiations, the dispute shall be referred to a court of justice of the Republic of Latvia and settled in accordance with effective legislation enactments of the Republic of Latvia.

#### IX. TERMINOLOGY

**Insurer** – Seesam Insurance AS Latvia branch (represents: Seesam Insurance AS, Vambola 6, Tallinn, Estonia).

**Policyholder** – a legal entity or an individual concluding an Insurance contract in favour of itself or another person.

**The Insured person** – person who has an insured interest and for the benefit of whom an Insurance contract is concluded; obligations and duties under the insurance contract are relating both to the Policyholder and the Insured person.

**Insurance contract** – an agreement between the Insurer and a Policyholder on terms and conditions of insurance. The Insurance contract consists of an Insurance application, an insurance policy, annexes and amendments to the policy and insurance terms and conditions.

**Insurance policy** – a document certifying conclusion of an Insurance contract. Insurance policy is an integral part of an insurance contract.

**Insurance period** – term of validity of an insurance contract. For 3 (three) year Insurance contract Insurance period is 3 (three) Insurance periods where each period corresponds to one calendar year.

**Insured risk** – an event envisaged in the Insurance contract, the occurrence of which is not dependant on the will of an Insured person and occurrence of which is possible in the future.

**Insured event** – a sudden and unforeseeable event which has a causal relationship with a risk insured and which is not dependant on the will of a Policyholder or an Insured, and upon occurrence of which an Insurance indemnity is due in compliance with an Insurance contract.

**Insurance amount** – amount of money specified in an Insurance policy for which amount valuable property or interests are insured against losses or damage.

**Insurance premium** – a payment for insurance as stated in an Insurance contract.

**Insurance application** – a document of a form and content approved by the Insurer which is to be filled in by a Policyholder and/or an Insured person and submitted to the Insurer in order to inform on an Insurance object, its condition as well as on other facts and circumstances required for evaluation of the risk insured; Insurance application is an integral part of an Insurance contract.

**Insurance indemnity** – the Insurance amount, a part thereof or any other sum payable for an Insured event, or services to be provided according to the Insurance contract.

**Insurance object** – Real estate and Household item as stated in an Insurance policy.

**Address of Insurance object** – location of the Insurance object specified in an Insurance policy.

**Insurance offer** – an offer prepared by the Insurer in order to inform a Policyholder on the terms and conditions of an insurance contract and/or amendments thereto.

**Restoration value** – minimum costs expressed as a sum of money required to restore an Insurance object so that it would be of the same quality and in the same condition as it was just before occurrence of an Insured event, including all construction and related costs.

**Restoration value of Household items** – minimum amount of money required to purchase or make new Household items of the same kind, quality and designated for the same purpose.

**Real value** – restoration value of an insurance object less the depreciation (loss of value) corresponding to the property condition at the moment of occurrence of the loss, expressed as a percentage.

**Market value** – a price of the particular property at which the property may be sold or bought in a free and competitive market at the specific moment of time.

**Over-insurance** – case when an Insurance amount exceeds the value of an Insurance object.

**Under-insurance** – case when an Insurance amount is lower than the value of an Insurance object.

**Co-insured person** – Policyholder's spouse, children, and other family members who are living in non-divided household with an Insured person. All these terms and conditions refer to a Co-insured person in the same way as to an owner and it is a duty of the owner to inform the Co-insured person about them. By means of the Insurance terms and conditions any activity of the Co-insured person is regarded as the activity of the Insured person.

**Third party** – a person, who is not a Policyholder, neither Insured person, nor a Co-insured person; a person who is not using an Insurance object with a permission of the Policyholder or the Insured person based on an agreement or other legal relations.

**Beneficiary** – a person indicated in the Insurance policy who has the interest to be insured and who is envisaged to receive a payment of an Insurance indemnity when an Insured event takes place. A person who is eligible to receive the Insurance indemnity for loss and damage is the Insured person unless otherwise stated in the Insurance policy.

**Deductible** – a part of loss that is deducted from the Insurance indemnity to be paid.

**Permanent place of residence** – a house, building, apartment or premises that a Policyholder or an Insured person use for permanent residence or that is inhabited no less than 90 days in a row or no less than 185 days in total during the last calendar year before an Insured event occurs.