

# ALL RISK COMMERCIAL PROPERTY INSURANCE TERMS AND CONDITIONS NO. KVR20

Approved by the meeting of the Board of Compensa Vienna Insurance Group ADB Latvijas filiāle on 30.06.2020  
Effective from July 1, 2020

## I. DEFINITIONS

**I.1. INSURER** – Compensa Vienna Insurance Group ADB Latvijas filiāle (represented by: Compensa Vienna Insurance Group ADB, Ukmeģis gatve 280, LT-06115, Vilnius, Republic of Lithuania).

**I.2. POLICYHOLDER** – the person who has concluded an insurance contract for their own benefit or for the benefit of another person.

**I.3. INSURED** – the person indicated in the Insurance Policy, for the benefit of whom the Insurance Contract has been concluded and who has insurable interest.

**I.4. INSURANCE CONTRACT** – the agreement concluded between the Insurer and the Policyholder, pursuant to which the Policyholder undertakes the obligation to pay the insurance premium according to the procedure, terms and amount stipulated by the contract, as well as to perform other obligations under the contract, and the Insurer undertakes the obligation to pay the insurance indemnity to the Third party in the case of an Insured event, as well as to fulfill other obligations specified in the contract. The Insurance contract shall consist of the insurance application, the Insurance policy, annexes to the Insurance policy, the insurance terms and conditions and any and all annexed, as well as all documents on amendments and supplements to the Insurance contract the Insurer and the Policyholder have agreed.

**I.5. INSURANCE POLICY** – a document confirming the conclusion of an Insurance contract and containing the individual provisions of the Insurance contract.

**I.6. INSURANCE TERMS AND CONDITIONS** – The part of the Insurance Contract specified in the Insurance Policy, which is the general terms and conditions approved by the Insurer applicable to the Insurance Contract.

**I.7. INSURANCE PERIOD** – the period of time specified in the Insurance Contract for which the Insurance Premium is paid and the insurance coverage is valid.

**I.8. INSURANCE PREMIUM** – a payment for insurance set out in the Insurance Contract.

**I.9. INSURANCE AMOUNT** – the amount of money for which the Insurance object is insured.

**I.10. INSURED RISK** – a sudden and unforeseen event beyond the control of the Insured or the Policyholder, the occurrence of which is possible in the future.

**I.11. INSURED EVENT** – causally related event connected to the insured risk at the occurrence of which an Insurance indemnity is provided by the Insurance contract.

**I.12. EXCESS** – the part of losses that is not indemnified by the Insurer upon the occurrence of the Insured Event.

**I.13. OBJECT OF INSURANCE** – the property specified in the Insurance Policy, for the insurance of which the Insurance Contract is concluded

**I.14. INSURANCE CLAIM** – a written application submitted on behalf of the insured to the Insurer regarding the occurrence of the insured risk.

**I.15. INDEMNITY LIMIT** – the Insurance amount specifically provided for in the Insurance contract which refers to a specific Insured risk, the recoverable losses or the Insured object. In case of determining the indemnity limit, the legal principle of under-insurance is not applied for determining the amount of insurance indemnity.

**I.16. IMMOVABLE PROPERTY MARKET VALUE** – the value calculated by a real estate appraiser certified pursuant to the procedure stipulated by the laws and regulations of the Republic of Latvia – the amount of money determined on the day of the valuation for which the property can be sold (bought) by competent seller and buyer, acting with calculation and without coercion.

**I.17. MOVABLE PROPERTY MARKET VALUE** – the lowest amount of money required immediately prior to the Insured Event for which the property should pass from one owner to another as a result of a commercial purchase, assuming that each party is acting competently and without coercion, being aware of the actual condition of the property and its market value at the specific time.

**I.18. FIRST LOSS LIMIT** – a type of insurance indemnity payment where the Insurer indemnifies loss or damage up to the insurance amount specified in the insurance policy without applying the statutory provisions of under-insurance.

**I.19. STORAGE COSTS** – expenses arising to limit the Insurance event that has already occurred or its consequences, or to prevent further losses.

## 2. INSURED OBJECT

**2.1.** According to the Insurance Contract, the Insured Object is immovable property and/or movable property specified in the Insurance Policy.

**2.2.** When insuring immovable property, the Insured Object can be:

**2.2.1.** Building/construction – a stationary building related to the land, which is used for economic activity, including all their essential components, unless explicitly stated otherwise in the Insurance Policy. In the meaning of these terms and conditions, essential components shall be:

- a) all structural elements of the building and their components, including glazing, doors, stairs, elevators, escalators, exterior walls and materials used for their decoration, interior walls



and materials used for their decoration, as well as other building structures referred to and properly installed in accordance with the general building regulations (technical design);

- b) interior decoration costs;
- c) engineering communication systems used for the operation of the building: water, heating and sewerage systems (including radiators, hot water boilers, pumps, filters), fire extinguishing system, heating system (stationary stoves, fireplaces), ventilation and air conditioning system, electrical installation, radiators, plumbing, built-in light fixtures, external elements of the building – external engineering communication systems, which branch from the building to the main networks in the territory owned by the Insured, are related to the engineering communications inside the building;
- d) security and fire alarms, video surveillance, communications and communication systems and equipment located outside the building and attached to the exterior structures of the building, as well as the lighting, awnings, external blinds attached to the external structures of the building;
- e) territory improvement: permanently installed benches, tables, flagpoles, playground elements, awnings or road signs, pavement materials, gates, fencing, barriers, technical means of sidewalk and movement organization (sidewalk lighting, decorative fences);
- f) advertising signboards: advertising signs belonging to the Insured and permanently attached to the Insured's immovable property.

**2.2.2.** Premises or part of a building – premises of a building intended for economic activity, including apartments, which are located at the address specified in the Insurance Policy, including their integral components. In the meaning of these terms and conditions, integral components shall be:

- a) structural non-load-bearing, fencing and finishing elements within the boundaries of the premises or group of premises (including interior partitions, ceiling, floor and wall finishing, doors);
- b) engineering networks and engineering communications up to joint mains;
- c) elements of engineering equipment (including kitchen equipment, ventilation devices, toilets, showers and bath equipment), without which the elements of the jointly owned residential part of the house may function independently;
- d) windows and doors enclosing individual properties.

**2.2.3.** costs of interior decoration works of the premises – wall and ceiling decoration to the building structures, floors and inseparably attached floor coverings, stairs, windows, doors, built-in stoves, fireplaces and stoves in these premises; built-in and functionally necessary engineering communication systems for the operation of the premises until the connection of the enclosing structures of the insured premises with the jointly owned premises: water supply and sewerage systems, plumbing, gas supply system, heating, ventilation and air conditioning systems, electrical installation, including built-in lighting fixtures and fittings elements, built-in fire safety systems, burglar alarm systems, communication and other low-voltage systems without movable parts.

**2.3.** When insuring movable property, the Insured Object may be movable property owned or held by the Insured, which is located at the address or territory specified in the Insurance Contract.

**2.3.1.** Movable property shall mean office equipment, furniture, office and warehouse equipment, production lines, machine tools and other equipment, goods, including raw materials, finished products and semi-finished products.

**2.3.2.** Movable property is insured while it is in the buildings or premises in accordance with the accounting data or the list attached to the Insurance Policy.

**2.3.3.** If movable property is insured in accordance with the Insurance Contract, then additional losses will be indemnified upon occurrence of the risks listed in the Insurance Policy for the following property damage or loss:

- a) leased property – movable property belonging to a third party and leased by the Insured on the basis of a written agreement;
- b) employees' property – movable property belonging to the Insured's employees located in the building or premises specified in the Insurance Contract.

### 3. INSURANCE COVERAGE

**3.1.** The Insured Object is insured against sudden and unforeseen losses or damages as a result of any event beyond the control of the Insured, except for such losses or damages that are specified in these Insurance Terms and Conditions and the Insurance Policy as exceptions.

### 4. EXCEPTIONS

**4.1. Unless the Insurance Contract does not include an additional agreement, the Insurer shall not indemnify any losses:**

**4.1.1.** resulting from acts of terrorism; Terrorism is defined as violence or dangerous activity that endangers human life, tangible or intangible property or infrastructure with the intent to influence any government or hold society or any part thereof in fear, resulting from war invasion or war-like activity (regardless of whether a war has been declared or not), as a result of an act of a foreign enemy, a military invasion, a civil war, an uprising, a revolution, a riot, the usurpation of military or other power;

**4.1.2.** caused by natural disasters or circumstances: strike, insurrection, internal unrest, civil disobedience, riot, armed conflict, revolt, revolution, military coup, legally usurped military power, war, civil war, state of war, war, invasion, activities of a foreign enemy, epidemics, actions of state or local government, changes in laws and other regulatory enactments, government orders;

**4.1.3.** incurred as a result of malicious intent or fault of the Policyholder, the Insured or any of their employees or representatives, which is comparable to malicious intent in terms of indemnification and other civil consequences;

**4.1.4.** if these losses or circumstances that may cause losses have been known or the Policyholder or the Insured should have been aware thereof or they were clearly foreseeable at the time of concluding the Insurance Contract;

**4.1.5.** which have occurred repeatedly for the same reason, which has previously caused damage, but no measures have been taken to prevent further damage;

**4.1.6.** if the coverage of such losses is not provided for by the applicable legislation or the provisions of the insurance contract;

**4.1.7.** caused by wear, tear, corrosion, moisture, condensation, decay or other similar and gradual processes, as a result of a nuclear explosion, nuclear energy, radiation, radioactive contamination, ionizing radiation;



- 4.1.8.** caused due to circumstances where the drain, drainage or sewerage system is unable to absorb water resulting from natural precipitation;
- 4.1.9.** repeated losses to engineering communication systems caused by frost;
- 4.1.10.** incurred in connection with damage to or theft of immovable property or movable property therein, if at the time of the damage or theft the immovable property is in a state of emergency or the state or municipal authorities have declared this immovable property unfit for use, unless the insurance policy explicitly specified such state of the immovable property;
- 4.1.11.** caused by errors of any kind caused by technological equipment, facilities and their components, by mechanical, technical or electronic breakage, damage or failure of equipment or their components;
- 4.1.12.** which have occurred in connection with damage to an electrical apparatus or electrical installation where an electrical leak has occurred or an overvoltage, short circuit, overheating or indirect lightning strike has occurred and which has not caused the outbreak of fire;
- 4.1.13.** intentional or prolonged operation of the production facility, pipelines or other Insurance Objects in excess of the designed capacity or operational requirements specified in the instructions for use of the Insurance Object or in the regulatory enactments of the Republic of Latvia;
- 4.1.14.** caused by faulty work or design, incorrect calculations or use of inappropriate or low-quality materials;
- 4.1.15.** caused by exposure to insects, pests, worms, rodents, animals and birds of any kind;
- 4.1.16.** caused by collapse, cracking or subsidence of buildings, structures or premises;
- 4.1.17.** caused as a result of changes in the level of groundwater and other underground water or freezing thereof;
- 4.1.18.** caused by environmental pollution or poisoning;
- 4.1.19.** resulting from exposure to asbestos and its compounds;
- 4.1.20.** arising from assembly, disassembly, trial or testing;
- 4.1.21.** incurred as a result of interruption, loss or increased consumption of energy carriers such as gas, electricity, heat, steam or water, unless such interruption, loss or increased consumption has occurred as a result of such loss or damage, which the Insurer indemnifies in accordance with these Insurance Terms and Conditions;
- 4.1.22.** caused by precipitation, snow, hail or dust entering the Insurance Object through the building structures, joints, windows, doors and other structures;
- 4.1.23.** incurred as a result of the consequences of a water main accident for the filling of engineering communication systems, as well as the costs of the liquid to be filled;
- 4.1.24.** which have arisen as a result of construction, renovation or reconstruction, the performance of which requires a building permit in accordance with the legislation in force;
- 4.1.25.** caused by internal combustion engines as a result of their internal explosion or collapse;
- 4.1.26.** to be reimbursed under a manufacturer's, supplier's or other warranty;
- 4.1.27.** which are losses of an indirect or financial nature, lost profits, sales of goods, untimely deliveries, non-performance of the contract, including expenses for renting temporary premises and moving expenses;
- 4.1.28.** which are penalties, including, but not limited to, contractual penalties, default interest, fines, penalties imposed by a state or local government institution;
- 4.1.29.** which have arisen as a result of heating or smoldering, if no fire has broken out; however, damages shall be indemnified if a fire has occurred due to burning or the smoldering is a consequence of fire;
- 4.1.30.** which have arisen as a result of professional explosion or explosion of explosives stored in the insurance object;
- 4.1.31.** for any improvements, changes, additions to the Insured Object, as well as expenses of repairs that are not related to the insured event;
- 4.1.32.** only for the insurance object (including brick lays in furnaces, furnace bars, furnace foundation blocks, burner nozzles) exposed to intended processing or technological processes involving fire, deliberate explosion or other thermal energy;
- 4.1.33.** computer virus exposure;
- 4.1.34.** any damage to or loss of data, code, programs or software, or the malfunction of the hardware, software or embedded chip, shall not be considered physical damage or material damage to property as such;
- 4.1.35.** if the loss of property is incomprehensible, including if the deficiency is discovered only in the course of taking the inventory;
- 4.1.36.** if the damage has occurred due to forgery, fraud or embezzlement;
- 4.1.37.** during transportation or loading and unloading, if it is done outside the insured location, as well as losses for monetary values or property of employees are not indemnified when performing the aforementioned work;
- 4.1.38.** robbery of property, if violence or force is not used, or a threat to use it immediately against the Policyholder, a family member or employee of the Policyholder, or against a person under whose control and responsible custody the Insured Object has been transferred;
- 4.1.39.** as a result of inactivity of the Policyholder or the Insured, by not clearing snow from the roofs of the building and failing to perform their obligations regarding maintenance of property in accordance with the applicable laws, building codes, technical operating regulations and administrative decisions or if the roof of the building before continuous, severe onset of snowfall has not been cleared and repeated snowfall has increased the thickness and weight of the snow layer or as a result of internal breakage. According to these regulations, continuous snowfall is when the snow layer has increased by at least 100 mm in 12 hours and the damage to the roof covering or building load-bearing structures has occurred during the snowfall or not later than 48 hours after the snowfall;
- 4.1.40.** as a result of waves, ice movements and/or ice melting, as well as from foreseeable floods. Foreseeable floods are understood as if, according to statistical data, floods have not occurred repeatedly at this place during the last 10 years, starting from the moment of occurrence of the insured event;
- 4.1.41.** as a result of wind exposure if the wind strength does not exceed 15 m/s;
- 4.1.42.** in case of business activity that is not agreed with the Insurer.



**4.2. The following property, items or objects shall not be deemed Insurance Object, unless clearly and directly stated otherwise in the Insurance Policy:**

**4.2.1.** new buildings or immovable property in the process of reconstruction or construction (unfinished buildings or structures or buildings or structures not put into operation);

**4.2.2.** buildings not intended for continuous operation (mobile wagons, premises constructed from inflatable structures, fully or partly constructed from plastic, covered with tarpaulin or other similar material, tents etc.) and the movable property therein;

**4.2.3.** greenhouses of any kind, as well as the movable property contained therein;

**4.2.4.** incurred in connection with damage to or theft of immovable property or movable property therein, if this immovable property is not used continuously for more than 30 (thirty) consecutive days, or no economic activity takes place in it, as well as movable property therein;

**4.2.5.** jewelry, precious metals, precious stones and other valuables;

**4.2.6.** cash, securities, including unused stamps, excise stamps, coupons, lottery tickets, bills of exchange, checks, claims and payment documents, payment cards, prepaid cards;

**4.2.7.** slot machines, money changers, dispensing and deposit machines;

**4.2.8.** paintings, objects of artistic value, antiques and furniture (made at least 50 years ago, counting from the day of concluding the Insurance Contract);

**4.2.9.** templates, licenses and patents, audio and video recordings;

**4.2.10.** weapons, explosives, ammunition and other dangerous and flammable substances;

**4.2.11.** databases, computer programs that are not purchased together and can be used with the specific equipment;

**4.2.12.** land, water and air vehicles, including vehicles to be registered with the Road Traffic Safety Directorate;

**4.2.13.** movable property located in open air, which, in accordance with the regulations for the use or storage thereof, is intended to be used and stored indoors;

**4.2.14.** land, sowings, greenery (plants, trees, shrubs, lawn, cereals and the like), natural and artificial water bodies, ponds, wells, boreholes, living organisms such as houseplants, animals, birds, fish; overhead and underground transmission lines (including electricity, telephone, fiber optic communication lines) including wires, cables, poles, towers and all types of equipment that may be connected to these installations, as well as all types of substations within a distance of more than 100 meters from insured buildings;

**4.2.15.** air and underground transmission lines (including electricity, telephone, optical fiber communication lines), including wires, cables, posts, towers and all types of equipment that may be connected to such installations, as well as all types of substations, if located further than 100 meters from the insured buildings;

**4.2.16.** movable property during transportation or handling;

**4.2.17.** building materials or elements of engineering communication that have not been installed, unless they are insured as current assets;

**4.2.18.** equipment and systems thereof which are intended for use in the production process and are not functionally necessary

for the operation of the insurance object, if the insurance object is immovable property;

**4.2.19.** the object of insurance, which is in the Insured's possession, use or storage in accordance with the contract and the relevant owner of the object or the property of third parties is not indicated in the policy as a product with its decipherment, which belongs to third parties.

**5. INFORMATION ABOUT THE INSURED OBJECT AND INSURED RISK**

**5.1.** Before concluding the Insurance Contract, the Policyholder or the Insured is obliged to provide all the information necessary for the assessment of the insurable risks. The Insurer processes the received information in order to assess the insurable risk and prepare the insurance offer or the Insurance Contract.

**5.2.** The Policyholder or the Insured is responsible for the accuracy and completeness of the provided information. Any falsification, incorrect statement or omission may lead to termination of the insurance contract and refusal to pay the insurance indemnity.

**5.3.** The Policyholder and the Insured are obliged to notify the Insurer about other valid Insurance Contracts that apply to the same Insurance Object.

**5.4.** If the Insurer becomes aware of the circumstances increasing the probability of occurrence of the risk only after the occurrence of the insured risk, the insurance indemnity shall be refused or reduced in accordance with the applicable legal norms. Nothing in these Terms and Conditions shall be construed as a revocable condition of the Insurer's right to refuse or reduce the insurance indemnity.

**6. CHANGES IN THE INFORMATION SUBMITTED**

**6.1.** The Policyholder or the Insured is obliged to immediately, as soon as possible, notify the Insurer in writing of all circumstances that may increase the probability of occurrence of the insured risk or the amount of possible losses, as well as notify of any changes in the information provided before concluding the Insurance Contract.

**6.2.** Upon receipt of additional information, the Insurer evaluates the increase of the Insured Risk, and if the Insured Risk has increased, an additional Insurance Premium is calculated and applied or the provisions of the Insurance Contract are amended.

**6.3.** Before concluding the Insurance Contract, during the term of the Insurance Contract or after the end of the Insurance Period, the Insurer has the right to inspect the Insured Object to make sure that there have been no changes in the initial information about the risk. However, this condition does not release the Policyholder and the Insured from the performance of any obligation provided for in the Insurance Contract, nor does it change the performance of the obligations provided for.

**7. SUM INSURED AND VALUE OF THE INSURED OBJECT**

**7.1.** The Sum insured is determined by the Policyholder. The Policyholder assumes full responsibility for the compliance of the Sum insured with the value of the Insured object.

**7.2.** The sum insured is determined for each Insured Object separately, it is specified in the Insurance Contract, indicating whether the insurance is determined for the actual value or renewal value.



**7.3.** The Sum Insured of immovable property is determined in accordance with the Renewal Value of the Insured Object, except if the physical depreciation of the insured immovable property exceeds 50 %, then it is determined in accordance with the actual value.

**7.3.1.** The Sum Insured of movable property is determined in accordance with the actual value of the Insured Object.

**7.4.** By agreement of the parties and unambiguously indicating it in the Insurance Contract, it is possible to insure the Insurance Object according to the First Risk Insurance Principle.

**7.5.** The Sum Insured for the improvement of the Territory referred to in Paragraph 2.2.1 of these Insurance Terms and Conditions is set at 10 (ten) % of the Sum Insured of the building, but not more than EUR 20 000.00 (twenty thousand euros) per one Insured Event.

**7.6.** Sum Insured, for advertising equipment and signs permanently attached to the Insured Building and referred to in Paragraph 2.2.1 of these Insurance Terms and Conditions is set at EUR 7000.00 (seven thousand euros).

**7.7.** The total Sum Insured for leased and employee property referred to in Paragraph 2.3.3 of these Insurance Terms and Conditions is set at EUR 5000.00 (five thousand euros), which is the Indemnity Limit, and losses when applying such Indemnity Limit are compensated only for one event during the Insurance Period.

## **8. OBLIGATIONS OF THE POLICYHOLDER AND THE INSURED**

**8.1.** When concluding the Insurance Contract, the Policyholder and the Insured undertake to observe and fulfill all the requirements provided for in these Regulations, as well as to observe and fulfill additional requirements set by the Insurer in writing during the term of the Insurance Contract.

**8.2.** It is the duty of the Policyholder and the Insured to do everything possible to prevent accidents. It is the duty of the Policyholder and the Insured to immediately eliminate any noticed error or defect or to take additional safety measures without delay, as the case may be.

**8.3.** Before the conclusion of the Insurance Contract and throughout the Insurance Contract period, the Policyholder and the Insured has the obligation to provide to the Insurer complete and accurate information related to the Insurance provided in the Insurance Contract, including information on the Insured Object and information necessary to assess the probability of occurrence of the Insured risk, information on all changes and circumstances that have occurred during the term of the Insurance Contract and may affect the occurrence of the Insured risk, as well as the information related to the possible Insured Event.

**8.4.** Persons who are authorized to perform the monitoring or administration of the insured objects or in whose use the insured object has been transferred shall be deemed comparable to a Policyholder. Any actions by these persons shall be deemed comparable to the actions of the Policyholder in terms of consequences.

**8.5.** The Policyholder and the Insured are obliged to comply with the legal acts in force in the Republic of Latvia and the additional security requirements set by the Insurer below during the entire term of the Insurance Contract.

### **8.6. Safety requirements in regard to fire safety:**

**8.6.1.** if an automatic smoke, fire or security alarm is installed, it must be in working order and switched on independently around

the clock. They must be maintained in working order, the maintenance and inspection of the installed fire protection systems and equipment must be performed regularly in accordance with the requirements specified by the manufacturer and the applicable regulatory enactments;

**8.6.2.** smoking is permitted only in specially designated, marked and equipped places;

**8.6.3.** work with an open flame and hot work may be performed only under the supervision of a qualified person. Hot work must always be supervised. Monitoring must also take place several hours after the completion of hot work. The person responsible for the performance of work on the site must appoint persons responsible for fire safety monitoring during and after the performance of hot work. Hot work is understood as welding, forging, soldering, as well as work involving open gas flame etc.

**8.6.4.** maintain cleanliness and order in the Insured Object, ensuring timely collection and removal of dust, waste and production residues. Flammable production residues and packaging materials, as well as explosive substances must be stored in specially designed and equipped places or separate rooms in accordance with the applicable laws and regulations;

**8.6.5.** cleaning of chimneys, exhaust ducts and heating devices (stove, boiler) must be performed at least once a year, the test results must be documented;

**8.6.6.** if fire doors are fitted, they must be closed and not obstructed. It is prohibited to store supplies, goods and/or waste at the external walls of buildings (not closer than 2 (two) meters away);

**8.6.7.** electrical devices and equipment must be installed and operated in accordance with the equipment manufacturer's / manufacturer's instructions and fire safety regulations;

**8.6.8.** combustible production residues and used packaging must be stored in fireproof containers with lids;

**8.6.9.** when using heating appliances, they must be installed and operated in accordance with the applicable regulatory enactments and the requirements set by the manufacturer. They must be securely fastened, they may not be open or dismantled;

**8.6.10.** in storage rooms equipped with an automatic fire safety/ extinguishing alarm, the maximum permissible storage height of the goods must be indicated and marked;

**8.6.11.** all rooms must be equipped with a sufficient number of manual fire extinguishers of the appropriate type. Manual fire extinguishers must be valid, have a valid service life and be appropriately marked.

### **8.7. Safety requirements regarding the protection of the property against unlawful activities of Third parties:**

**8.7.1.** outside working hours or upon leaving the building or premises, windows, doors, gates and other structural barriers that impede free access to the Insured Object must be closed and properly locked to prevent the entry of unauthorized persons. This requirement does not apply to public buildings where common areas are used around the clock;

**8.7.2.** keys, magnetic passes and other access systems must be kept by the responsible persons of the Insured and stored in a safe place. In the event that the key or access system has become available to a Third Party, it must be replaced immediately;

**8.7.3.** if a security alarm has been installed, it must be in working order and independently switched on outside the working hours of the company, in all premises where the employees of the Insured or the Policyholder are not located;



**8.7.4.** security alarms must be designed, installed and maintained in accordance with the applicable legislation and the requirements set by the manufacturer;

**8.7.5.** if the security alarm is connected to the external control panel of the security company, then there must be an agreement with this security company regarding the provision of security services, which provides for the departure of the security patrol to the scene when the alarm signal is received;

**8.7.6.** if physical security is provided at the Insurance Object, then the employees of the security company with whom a contract for the provision of security services has been concluded, or the employees of the Insured Merchant whose duties under the employment contract include the performance of security work are considered as such;

**8.7.7.** the security guard must do rounds of the Insured's buildings and territory at least once every two hours and record and register each such round. Exceptions are rooms equipped with a security alarm or an area that is fully monitored by video surveillance cameras when the alarm signal is received by the company's local security post;

**8.7.8.** if a video surveillance system is installed, it must ensure that there are no objects in the filming/surveillance area that could restrict visibility or that could serve as a cover for recording and filming the illegal activities of third parties. Video surveillance recordings must have copies of the recordings, the storage time of which may not be less than 30 (thirty) days.

**8.8. Safety requirements regarding the protection of the property against the risk of liquid or vapor leaks:**

**8.8.1.** all water, heating and electricity supply systems must be installed and operated in accordance with the regulatory enactments in force in the Republic of Latvia;

**8.8.2.** ensure the cleanliness of rainwater gutters and roof gutters; perform regular checks of the rainwater drainage system and inspection wells, if necessary, prevent their blockages, congestions and/or clogging;

**8.8.3.** if the Insured Object is not managed or no economic activity is performed in the Insured Object during the heating season, the Policyholder and the Insured must protect the pipe network from freezing or drain it from the liquid in order to prevent the freezing;

**8.8.4.** if the Insurance Policy insures property, goods or raw materials against the risk of liquid or vapor leakage, then they must be placed on a hard base at least 10 (ten) cm above the floor surface.

**8.9.** The Insurer is entitled to refuse the insurance indemnity if the Policyholder or the Insured maliciously or through gross negligence has not fulfilled the security requirements specified in these Terms and Conditions or additionally stated the Insurance Contract, as well as to reduce the insurance indemnity by 50% if the Policyholder or the Insured has not complied with these requirements, and such non-compliance is causally related to the occurrence of the insured risk.

**8.10.** Obligations of the Insured upon the occurrence of the Insured Risk, the fulfillment of which is a precondition for receiving the insurance indemnity:

**8.10.1.** notify immediately:

- a) in the event of a fire – to the State Fire and Rescue Service;
- b) in case of malicious acts by third parties – to the police;

- c) in the event of a collision with a land vehicle – the police;
- d) in the event of an explosion – to the State Fire and Rescue Service and the relevant emergency service;
- e) in the event of an engineering communications emergency – to the relevant emergency service and/or the building manager (owner) of the insured immovable property or the municipal police.

**8.11.** The Insured must notify the Insurer as soon as possible regarding the occurrence of the Insured risk or any event that may be considered an Insured risk and by submitting a written Insurance indemnity claim and indicating the time when the Insurer may carry out the inspection of the location of the occurrence of the insured risk. If the Insured submits the Insurance Claim application to the Insurer later than 3 (three) business days after the occurrence of the insured risk, the Insured must prove the impossibility of an earlier notification. As soon as possible, the Insured shall take all possible and reasonable measures to reduce losses.

**8.12.** The Insured shall provide the representative or an expert of the Insurer the possibility to inspect the location of the occurrence of the Insured risk and the damaged Insured object, as well as provide the Insurer the opportunity to carry out investigation in order to determine the causes and amount of any losses.

**8.13.** After the occurrence of the insured risk, until the Insurer has carried out the inspection of the damaged or destroyed insured property, no defects to the property may be rectified and the insured property and parts thereof may not be transported, removed or renewed without a written consent of the Insurer. It is only allowed to perform emergency measures to prevent further damage, increased damage and prevent accidents.

**8.14.** If the Insurer does not perform the inspection within 3 (three) business days after the day of the receipt of the application and does not notify on the reasons and term of such delay, the Insured is entitled to initiate the adjustment and repair of the Insured object.

**8.15.** After the inspection of the location of the occurrence of the Insured risk, the representative of the Insurer shall draw a specific inspection protocol on the established losses, which must be signed by the Insured, as well as give instructions that the Insured must comply with.

**8.16.** The Insured has the obligation to prove the fact of the occurrence and amount of loss, as well as to provide all information and supporting documents requested by the Insurer.

**8.17.** At the request of the Insurer, the Insured is obliged to submit to the Insurer a list of the damaged, stolen or destroyed insured property and documents certifying the property rights. The list must indicate the value of the insured property and the condition in which it was immediately before the occurrence of the Insured Event.

**8.18.** Failure to perform or improper performance of the obligations of the Insured provided for in this Section shall have the consequences provided for by the applicable legal norm.

**9. MUTUAL OBLIGATIONS OF THE POLICYHOLDER AND THE INSURED**

**9.1.** The Policyholder is obliged to inform the Insured that the Insured is insured in accordance with a certain Insurance Contract, the conditions of which the Policyholder has agreed with the Insurer, and the Insured is bound by these conditions, must observe and fulfill them, as well as explain to the Insured what



consequences occur in case the Insured fails to perform and/or improperly performs any of the provisions of the Insurance Contract.

## **10. CONSEQUENCES OF THE FAILURE TO PERFORM THE DUTIES OF THE POLICYHOLDER OR THE INSURED**

**10.1.** If the malicious intent (Section 1641 of the Civil Law) or gross negligence (Section 1645 of the Civil Law) of the Policyholder or the Insured has caused the Insurer being misled about the condition of the Insured Object or the circumstances in order to assess the probability of the occurrence of the insured risk and the amount of possible losses, the Insurance Contract shall be deemed void from the moment of conclusion. The Insurer shall not repay the paid Insurance Premium, if the occurrence of the Insured Risk is not confirmed by the authorities indicated in Paragraph 8.11.1.

**10.2.** The action or inaction of the eligible users of the Insurance Objects is comparable to the action or inaction of the Insured himself, in making a decision on refusal to pay the Insurance Indemnity or a decision to reduce it.

## **11. INSURANCE INDEMNITY**

**11.1.** The Insurer shall pay the insurance indemnity by indemnifying the losses in accordance with the conditions referred to in the Insurance Contract, which have arisen in connection with the damage or theft of the Insured Object as a result of the insured risks specified in the Insurance Contract.

**11.2.** The insurance indemnity in case of damage or loss of immovable property is calculated by determining the amount of indemnifiable losses, from which the Excess specified in the Insurance Contract is deducted, taking into account the following:

**11.2.1.** the amount of actual loss is determined, which is the amount of money necessary to restore the Insured Object to the condition it was in immediately before the Insured Event, including expenses for demolition works and removal of construction debris, as well as Rescue expenses;

**11.2.2.** the loss is calculated on the basis of an estimate of the actual restoration work at the costs and prices as they are not later than 6 (six) months after the occurrence of the Insured Event, not taking into account the payment of overtime and holiday working hours and other costs that would not be generally necessary when performing restoration works;

**11.2.3.** if an underinsured event is established, which is a case when the Sum Insured is at least 10% (ten percent) less than the value of the Insured Object, then the amount of indemnifiable losses is multiplied by the proportion between the Sum Insured and this value;

**11.2.4.** if an overinsurance event is established, which is a case when the Sum Insured is greater than the value of the Insured Object, then the insurance indemnity is paid in the amount to which it would be paid if the Sum Insured were equal to the value of the Insured Object;

**11.2.5.** the amount of actual indemnifiable losses in relation to the insured immovable property, the physical depreciation of which is more than 50% (fifty percent), is determined in accordance with the actual value of the immovable property – in the amount of the Insured Object renewal expenses, reducing them by the amount of depreciation;

**11.2.6.** if it is not possible to determine the value of the Insured Object, the actually indemnifiable losses are calculated by determining the percentage of the destroyed elements of the insured immovable property and multiplying it by the Sum Insured; this procedure shall not be applied in the case of overinsurance;

**11.2.7.** In case of complete loss of the Insured Object, when the Insured Object cannot be renewed or it will not be renewed, the amount of the insurance indemnity shall be determined based on the market value of an equivalent object immediately before the Insured Event.

**11.3.** If the Insured immovable property is in the joint ownership of several persons, when each of them owns a certain part of the property rights, which is not allocated in real parts, losses for damages to the jointly owned Insurance Object are indemnified in proportion to the Insured's share.

**11.4.** The amount of insurance indemnity for damage, loss or destruction of insured movable property is determined in the amount of actual loss, from which the Deductible specified in the Insurance Contract is deducted, according to the replacement value, which is equal to the lowest expenses for purchasing movable property of the same type and equivalent quality (including transportation, design and installation costs), if the restoration of the property is not possible or the costs of its restoration exceed the replacement value of the property before the Insured Event, less its residual value after the Insured Event, or the minimum necessary expenses to restore the movable property to the quality and extent was immediately prior to the occurrence of the Insured Event, unless otherwise provided in the concluded Insurance Contract.

**11.5.** If the movable property is insured as a separate property and it is established that the Sum Insured is less than the value of the insured property, then the underinsurance principle is applied and the actual amount of loss is multiplied by the ratio between the Sum Insured and the value of the Insured Object, deducting the Excess specified in the Insurance Contract.

**11.6.** When deciding on the insurance indemnity in connection with damage, loss or destruction of movable property, the Insurer has the right to:

**11.6.1.** replace the destroyed Insured Object with an equivalent one, taking over the remains of the Insured Object – in this case before making the replacement the Insured must hand over the remains of the destroyed Insured Object to the Insurer and must ensure the payment of the Excess stipulated in the concluded Insurance Contract;

**11.6.2.** pay the insurance indemnity in the amount of the value of the Insured Object, deducting from it the Excess specified in the Insurance Contract, taking over the remains of the Insured Object, to pay the insurance indemnity as the difference between the value of the Insured Object before and after the Insured Event, deducting from it the Excess specified in the Insurance Contract.

**11.7.** The amount of actual losses due to damage or loss of an Insured Object or the part thereof, which was constructed from such materials that are not available on the market at the time of calculation of losses, or the use of which is prohibited under applicable laws and regulations (e.g. asbestos slate), the Insurer shall determine the minimum amount of money necessary for the restoration of the damaged or destroyed Insurance Object or a part thereof, using materials that are equivalent in terms of design features and appearance to the damaged or destroyed materials.



**11.8.** The Insurance Indemnity is reduced by the amount paid to the Insured by the third party responsible for causing the damage as a result of the Insured Event in accordance with the procedures specified in the regulatory enactments of the Republic of Latvia. The Insured is obliged to notify the Insurer about the receipt of such amounts. If the losses caused in this case have been indemnified in full, then the Insured loses the right to claim the insurance indemnity for the respective Insured Event. If such indemnification is performed after the payment of the insurance indemnity, then the Insured must reimburse the insurance indemnity received by the Insured in the respective amount.

**11.9.** Additional reimbursable expenses. Upon the occurrence of the Insured Event, in addition to the direct material losses, the Insurer will also indemnify the following reasonable, justified and provable necessary expenses, if they have arisen as a consequence of the Insured risk, not exceeding the Sum Insured of the Insured Object. For the purposes of the Insurance Contract, Additional Reimbursable Expenses shall mean:

**11.9.1.** expenditure on rescue and clean-up work. The indemnity limit for such losses is set at 10 (ten) % of the loss, but not more than EUR 100 000.00 (one hundred thousand euros) of the Insured amount of the damaged immovable property, incurred in order to:

- a) limit and reduce the losses incurred or prevent the occurrence of further ancillary losses;
- b) to pay for the costs of cleaning, dismantling, removal of rubble and debris, as well as cleaning of the place of occurrence of the loss;
- c) to access to the place of occurrence of the loss, if it is located in the Insured Object.

**11.9.2.** design expenses for services of architects, designers and engineering services resulting from an insurance event to restore the property after an insurance event.

**11.10.** After the payment of the insurance indemnity, the insurance amount specified in the policy shall not be reduced by the amount of the paid indemnity, but no under-insurance shall be applied to the following events, except if the immovable property is destroyed.

**11.11.** If several Excesses can be determined for an insured event under the Insurance Contract, only one – the largest Excess – shall be applied.

## **12. INSURANCE INDEMNITY PAYMENT PROCEDURE**

**12.1.** The Policyholder or the Insured shall submit a written application to the Insurer regarding the occurrence of the insured risk.

**12.2.** The Insurer shall review the received application and the attached documents in order to establish whether the Insured Event has occurred, if it has occurred, then the amount of the insurance indemnity shall be determined:

**12.2.1.** if the Insured Event has occurred and the parties have agreed on the amount of the insurance indemnity, then:

- a) the Insurer shall make a decision on the payment of the insurance indemnity within 30 (thirty) days from the receipt of all necessary documents;
- b) the Insurer shall pay the insurance indemnity within 10 (ten) business days after the decision on the payment of the insurance indemnity has been made.

**12.2.2.** if the Insured Event is not established:

- a) then the Insurer shall make a decision regarding the refusal to pay the insurance indemnity;
- b) the Insurer shall notify the Insured of the decision taken within 5 (five) business days after the decision is made.

**12.3.** The insurance indemnity is paid according to the principle of compensation, taking into account the following:

**12.3.1.** the insurance indemnity is calculated and paid by applying the compensation principle, thus the insurance indemnity to be paid may not exceed the losses caused in the Insured event;

**12.3.2.** only proven, caused losses are compensated, except for the exceptions specified in regulatory enactments or the Insurance Contract;

**12.3.3.** losses incurred before the effective date of the Insurance Contract are not indemnified;

**12.3.4.** losses incurred after the expiry of the Insurance Contract shall not be indemnified, unless otherwise provided in the Insurance Contract.

**12.4.** Where the performance of the Insurer's obligations or the extent thereof depends on such circumstances that are present in civil, criminal or administrative proceedings, the Insurer is entitled to make the decision on the payment of the insurance indemnity or refusal to pay the insurance indemnity after the entry into force of such decision of the court or other official of a state or municipal authority by which the relevant case is definitively decided or adjudicated.

**12.5.** If a split payment is applied to the Insurance Premium, the Insurer shall deduct the unpaid part of the Insurance Premium from the insurance indemnity to be paid.

## **13. CONCLUSION AND VALIDITY OF THE INSURANCE CONTRACT**

**13.1.** The Insurance Contract is concluded on the basis of information provided by the Policyholder or the Insured, and the fact of concluding the Insurance Contract may not be interpreted as the Insurer's consent or acceptance of this information.

**13.2.** The Insurer may prepare an insurance offer before concluding the Insurance Contract. If the Policyholder pays the Insurance premium indicated in the insurance offer to the Insurer's bank account, the Insurance Contract shall not be deemed concluded, unless otherwise specified in the insurance offer. The Insurer has the right to return such erroneous payment to the Policyholder within 30 (thirty) days.

**13.3.** The Insurance Contract shall enter into force if the payment of the Insurance Premium or the first installment of the Insurance Premium has been made in the amount and at the time specified in the Insurance Contract or the invoice attached thereto, unless otherwise provided in the Insurance Contract.

**13.4.** If the Insurance Contract or the invoice attached thereto stipulates that the Insurance Premium or the first part thereof is paid after the Insurance Contract enters into force, then after the Insurance Premium or the first installment is paid in the amount and within the term specified in the Insurance Contract, the Insurance Contract is valid from the date of entry into force indicated.

**13.5.** The date of payment shall be the date when the Insurance Premium or a part thereof is received in the bank account of the Insurer or the insurance distributor who is authorized to collect Insurance Premiums on behalf of the Insurer.





**13.6.** If, contrary to what is specified in the Insurance Contract or the invoice, the Insurance Premium or the first part thereof is not paid within the specified term and amount, then it is considered that the Insurance Contract has not entered into force from the day of its conclusion. A separate notice that the Insurance Contract has not entered into force shall not be sent to the Policyholder and the Insured.

**13.7.** Payment of the insurance premium or the first installment thereof after the payment term indicated in the invoice does not oblige the Insurer to assume any obligations. The Insurer has the right to return the paid Insurance Premium or the payment of the first installment thereof to the Policyholder within 15 (fifteen) days.

**13.8.** When concluding the Insurance Contract using a means of distance communication, the same procedure for the entry into force of the Insurance Contract as when concluding the contract in person applies. The right of withdrawal does not apply to the Insurance contract.

#### **14. TERMINATION OF THE INSURANCE CONTRACT**

**14.1.** The Insurer or the Policyholder has the right to terminate the Insurance Contract unilaterally in the cases specified in the Insurance Contract Law before the end of the Insurance Period, i.e., after the occurrence of the Insured Event, by sending a written notice to the other contracting party. The Insurance Contract shall be terminated on the 15th (fifteenth) day after sending the written notice.

**14.2.** The Policyholder is obliged to pay the Insurer the Insurance Premium or a part thereof for the period when the Insurance Contract was in force.

**14.3.** If the Insurance Indemnity has been paid during the Insurance Period and the Policyholder terminates the Insurance Contract before the expiry of the Insurance Contract or has not made the current payment of the Insurance Premium, then the Insurer has the right to issue an invoice for the remaining part of the Insurance Premium. The Policyholder is obliged to pay the invoice issued by the Insurer on time and in full.

**14.4.** If, based on the written application of the Policyholder, the Insurance Contract is terminated before the end of the Insurance Period, the Insurer shall reimburse the unused Insurance Premium for the remaining period according to the statutory calculation, deducting from it the Insurance Indemnity paid during the Insurance Contract period, as well as deducting from the balance 15 (fifteen) percent, which are the Insured's presumed expenses in connection with the administration of the Insurance Contract. If the balance of the premium is used to cover other Insurance premium payments to the Insurer, then no deductions are made from the premium in connection with the administration of the Insurance Contract.

**14.5.** If the current Insurance Premium payment has not been paid within the specified term and amount, the Insurer shall send a written notice to the Policyholder or the Insured regarding the untimely or incomplete current payment of the Insurance Premium with an invitation to pay the remaining part of the Insurance Premium.

**14.6.** If the Policyholder fails to pay the Insurance Premium within the term and in the amount specified in the notice of current payments, the Insurance Contract shall be terminated without refunding the Insurance Premium for the period when the insurance was valid. A separate notice stating that the Insurance

Contract is terminated and the remaining part of the premium is not reimbursed shall not be sent to the Policyholder and the Insured.

**14.7.** Notwithstanding any other provision of the Insurance Contract, the Insurer shall not be deemed to provide insurance coverage or make any payments or provide any services or benefits to any Insured and any other person to the extent that such cover, payment, service, benefit and/or any transaction or activity of the Insured violates the applicable sanctions, i.e., any and all trade, financial embargo or economic sanctions, laws or regulations directly applicable to the Insurer. The applicable sanctions are as follows: (I) local sanctions; (II) the European Union (EU); (III) the United Nations (UN); (IV) United States (USA) and/or (V) all other sanctions applicable to the Insurer.

#### **15. INFORMATION ON THE PERSONAL DATA PROCESSING**

**15.1.** The Insurer processes the received information in accordance with the regulatory enactments in force in the Republic of Latvia, including in accordance with the Data Regulation No. 2016/679.

**15.2.** Pursuant to Article 13 of the Data Regulation No. 2016/679, the Insurer, before concluding the insurance contract, shall notify the data subject (the Policyholder) that:

**15.2.1.** the data controller is the Latvian branch of Compensa Vienna Insurance Group ADB;

**15.2.2.** the contact information of the data controller is – [info@compensa.lv](mailto:info@compensa.lv), (+371) 67558888;

**15.2.3.** the contact information of the data protection specialist is – [DPO@compensa.lv](mailto:DPO@compensa.lv);

**15.2.4.** the data is processed in order to conclude the Insurance Contract, monitor its performance during the term of the insurance contract and pay the insurance indemnity; the legal basis for data processing – the agreement concluded between the parties;

**15.2.5.** the data are also processed for other purposes if the data subject has given his or her consent; the legal basis for data processing – the consent of the data subject;

**15.2.6.** the data subject has the right, at any time, to revoke the given consent to the processing of personal data in writing;

**15.2.7.** the legitimate interest of the data processing controller – to receive feedback from the data subject after the conclusion of the Insurance Contract or the payment of the insurance indemnity;

**15.2.8.** categories of recipients of personal data – in relevant cases specified by the law – state and local government institutions; medical institutions, more information can be found on the Insurer's website [www.compensa.lv/privacy-policy](http://www.compensa.lv/privacy-policy);

**15.2.9.** in certain cases, personal data may be transferred outside the EEA – legal basis – saving the health or life of a person (data subject);

**15.2.10.** the term of storage of personal data – depending on the specifics of the insurance product, the terms of storage specified in the Insurance Terms and Conditions and special laws;

**15.2.11.** the data subject has the right to request information regarding the processing of the data subject's personal data by the Insurer;

**15.2.12.** the data subject has the right to submit a complaint regarding the data controller to the State Data Inspectorate [www.dvi.gov.lv](http://www.dvi.gov.lv), [info@dvi.gov.lv](mailto:info@dvi.gov.lv);



**15.2.13.** the data subject is obliged to provide personal data in order to enter into the Insurance Contract in order to pay the insurance indemnity; in case the data requested by the Insurer are not provided or are provided incompletely, the Insurer has no right to pay the insurance indemnity (in accordance with Section 31 of the Insurance Contract Law); this condition also applies to personal data of a special category (health data).

**15.3.** The Policyholder is obliged to inform the Insured person(-s), not later than within one month, that the personal data of the insured persons (data subjects) are transferred to the Insurer – for what purposes, to what extent they will be processed; what consequences may occur if the insured have provided inaccurate or incorrect personal data.

**15.4.** The Policyholder is obliged to inform the Insured person(-s), not later than within one month, that the personal data of the insured persons (data subjects) will be used for communication with the data subjects in case of data safety breach and indemnity settlement.

## **16. OTHER PROVISIONS**

**16.1.** The parties will apply the regulatory enactments in force in the Republic of Latvia, including the norms specified in the Insurance Contract Law, to regulate the contractual relations arising from the Insurance Contract.

**16.2.** If the parties fail to resolve the dispute through negotiations, then a written complaint must be submitted to the Insurer for consideration, legal address: Vienības gatve 87H, Rīga, LV-1004; e-mail address: [atlidzibas@compensa.lv](mailto:atlidzibas@compensa.lv).

**16.3.** A person has the right to submit a complaint to the Ombudsman of the Latvian Insurers' Association in accordance with its Regulations. See the approved procedure (rules) of the Latvian Insurers Association here: [www.laa.lv](http://www.laa.lv).

**16.4.** When paying the insurance indemnity, the Insurer has the right of claim against the person who is responsible for the losses caused in the amount of the paid insurance indemnity (subrogation rights). The Insurer may not exercise the right of subrogation against the Insured's children, parents or spouse. Exceptions are those Insured Events caused by negligence, malicious intent or gross negligence.

**16.5.** If the Policyholder or the Insured waives their claim against a third party or waives the rights giving rise to such claim, the Insurer shall be released from its contractual obligations to the extent that it could have claimed the covered insurance indemnity on the basis of this claim or these rights.

**16.6.** The Insurer shall not disclose to third parties any information about the Policyholder and the Insured, except in the cases provided for under the laws and regulations of the Republic of Latvia.

**16.7.** During the Insurance contract period, the Insurer shall communicate with the Insured and the Policyholder in Latvian and shall respond to the requests of the Insured and the Policyholder that are expressed in Latvian language.