

# Terms and conditions of Private persons property insurance PPWL 09/1

Valid from the January 1, 2009

## *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*

## 1. DEFINITIONS

- 1.1. **Insurer** – Seesam Insurance AS Latvia branch.
- 1.2. **Policy holder** – a legal entity or an individual concluding an insurance contract in favour of itself or another person.
- 1.3. **Insured** – a legal entity or an individual 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.
- 1.4. **Insurance contract** – an agreement between the insurer and a policyholder on terms and conditions of insurance. The insurance contract consists of an insurance proposal, an insurance policy, annexes and amendments to the policy and insurance terms and conditions.
- 1.5. **Insurance policy** – a document certifying conclusion of an insurance contract. Insurance policy is an integral part of an insurance contract.
- 1.6. **Insurance period** – term of validity of an insurance contract.
- 1.7. **Risk insured** – an event envisaged in the insurance contract, the occurrence of which is not dependant on the will of the insured and occurrence of which is possible in the future.
- 1.8. **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 the policyholder or the insured, and upon occurrence of which the insurance indemnity is due in compliance with the insurance contract.
- 1.9. **Insurance amount** - an amount of money specified in the insurance policy, for which the insurance object is insured.
- 1.10. **Insurance premium** – a payment for insurance as stated in the insurance contract.
- 1.11. **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.
- 1.12. **Deductible** – an interest of the policyholder and/or the insured in each insured event which is deducted from the insurance indemnity amount to be paid out.
- 1.13. **Insurance object** – real and movable property as stated in the insurance policy.
- 1.14. **Insurance proposal** – a document of a form and content approved by the insurer which is to be filled in by the policyholder and/or the insured and submitted to the insurer in order to inform on the insurance object, its condition as well as on other facts and circumstances required for evaluation of the risk insured. Insurance proposal is an integral part of an insurance contract.
- 1.15. **Insurance offer** – an offer prepared by the insurer in order to inform the policyholder on terms and conditions of an insurance contract and/or amendments thereto.
- 1.16. **Insurance object address** – location of the insurance object specified in the insurance policy.
- 1.17. **Restoration value** - minimum costs expressed as a sum of money required to restore the insurance object so that it would be of the same quality and in the same condition as it was just before occurrence of the insured event, including all construction and related costs.
- 1.18. **Movable property restoration value** – minimum amount of money required to purchase or make a new movable property of the same kind, quality and designated for the same purpose.
- 1.19. **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.
- 1.20. **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 time being.
- 1.21. **Apartment** – a room or a complex of rooms which is located in a multi-apartment house and separated from the other parts of the house, which is

marked as an apartment in the house inventory plan and which contains parts of elements functionally inseparably connected with operation of the house (such as walls, partition walls, windows, doors, ceilings, floors, engineering systems) within the limits of the separated space.

1.22. **Third party** – a person who is not a party of the insurance contract; a person who is not by operation of law or contractually related to a party of the insurance contract; a person who is not a person for the benefit of whom the insurance contract is concluded.

1.23. **Means of remote communication** – an electronic means of communication by which it is possible to enter into an insurance contract without parties being present.

1.24. **Insurance place** – a territory specified in the insurance policy where the insurance object is located and where the insurance contract is in effect.

## 2. INFORMATION ON THE RISK INSURED

2.1. Upon conclusion of the insurance contract, the policyholder and/or the insured is obliged to provide all the information requested by the insurer for assessing the risk insured. The insurer shall process and store the information in accordance with requirements of laws and regulations.

2.2. The policyholder and/or the insured is responsible for truthfulness and completeness of the information provided. Any misrepresentation, incorrect statement and/or concealment may serve as a reason for cancellation of the insurance contract and/or refusal from payment of the insurance indemnity, except the cases specified in the Law "On Insurance Contract" when the information has been provided due to ordinary negligence.

2.3. The policyholder and/or the insured is obliged to inform the insurer of other valid insurance contracts covering the same insurance object.

## 3. CHANGES IN THE INITIAL INFORMATION

3.1. The policyholder and/or the insured is obliged to inform the insurer in writing as soon as possible of all circumstances that may increase the likelihood of occurrence of the risk insured or the amount of possible loss as well as inform about any changes in the information provided in the insurance proposal.

3.2. Before conclusion of the insurance contract, as well as during the period of validity thereof the insurer has the right to carry out an inspection of the insurance object to ensure that the initial information has not changed.

## 4. PROCEDURE OF CONCLUSION OF THE INSURANCE CONTRACT AND ITS COMING INTO EFFECT

4.1. Insurance contract is concluded basing upon the information provided by the policyholder and/or the insured in the insurance proposal.

4.2. The insurer may prepare an insurance offer before conclusion of the insurance contract. In the event if the policyholder has paid the insurance premium specified in the insurance offer in the bank account of the insurer, the insurance contract is not considered to be concluded unless otherwise is specified in the insurance offer.

4.3. The insurance contract is considered concluded and comes into effect on the day following the date of receipt of the insurance premium or full amount of the first part thereof specified in the policy in the cash department or the bank account of the insurer, however, not before the first day of the insurance period specified in the policy.

4.4. If the parties have agreed in written that the insurance premium or the first part thereof is to be paid after the date of conclusion of the 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 commencement of the insurance period specified in the policy.

4.5. If in contrary to the provisions of the insurance policy the insurance premium or the first part thereof is not paid within the specified term and in the specified amount, it shall be considered that the insurance contract has not come into effect on the date of conclusion thereof. The policyholder and/or the insured is not notified separately on the fact that the insurance contract has not come into effect.

4.6. Payment of the insurance premium or the first part thereof after the term of payment specified in the insurance policy does not oblige the insurer to undertake any liability.

4.7. If an insurance contract is concluded by using means of remote communication, the same procedure of coming into effect of the insurance contract as in the case of conclusion of the contract in the insurer's office shall apply, except the case when otherwise is specified by the insurer.

## 5. TERMINATION OF THE INSURANCE CONTRACT

5.1. 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 on 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..

5.2. If the policyholder and/or the insured 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 automatically terminate the insurance contract, without returning back the previously paid insurance premium to the policyholder. The policyholder and/or the insured 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.

5.3. Termination of the insurance contract does not affect the insurer's right to demand from the policyholder and/or the insured the payment of the insurance premium or any part thereof for the period when the insurance contract was in effect.

5.4. The insured or the policyholder shall have the right to terminate the insurance contract after occurrence of an insured event. The insurance contract shall be considered terminated on the 15<sup>th</sup> (fifteenth) day after dispatch of a written notice on termination of the insurance contract.

## 6. DUTIES OF THE POLICYHOLDER AND/OR THE INSURED

6.1. By his/her signature under the insurance contract the policyholder and/or the insured undertakes to adhere to and meet all the requirements set by the insurer as well as adhere to and meet any additional requirements that will be set by the insurer in written in respect to the insurance object.

6.2. Upon conclusion of the insurance contract the policyholder and/or the insured is obliged to:

6.2.1. take all the safety precautions at his own expense aimed at maintenance and protection of the insured property and make efforts in order to prevent any loss or damage;

6.2.2. comply with provisions of regulations, orders and instructions adopted by governmental institutions according to the existing legislation;

6.2.3. take immediate possible measures aimed at protection or rescue of the insured property in the case when an event of insured loss may be foreseen beforehand;

6.2.4. agree performance of intended works with appropriate authorities before commencement of repair works and obtain necessary permissions;

6.2.5. ensure adherence to all the normative acts regulating construction works, standards and safety requirements, recommendations and requirements of producers of materials and manufacturers of equipment as well as taking of all the measures specified in the normative acts regulating construction works and aimed at protection and safety of the insured property during performance of repair works;

6.2.6. ensure correct operation and functioning of any engineering systems present in the property; pipelines must be protected against freezing or overheating; if during heating season the insurance object is not operated, the insured must take measures in order to protect the pipelines against freezing, or the pipelines must be emptied from the liquid;

6.2.7. replace immediately the lock of the entrance door should the keys be lost or stolen and inform the insurer thereon;

6.2.8. maintain in good working order the fire safety and burglar alarm systems installed in the object;

6.2.9. lock doors and shut windows or hatches as well as switch on fire safety and burglar alarm systems (if the property is equipped with such systems) when leaving the insurance object;

6.2.10. inform the insurer if the insurance object is insured by another insurance company;

6.2.11. in the case of property insurance, to present a detailed list of damaged property to the insurer; in the case of failure to present such a list it shall be considered that the property has not been insured;

6.2.12. the policyholder or the insured must take all measures in order to ensure free access of the insurer to any insured building, apartment (premises) where a loss or damage fact is occurred.

6.3. The policyholder and/or the insured is obliged to inform immediately the insurer in written if during the period of validity of the insurance contract:

6.3.1. any change of the property rights to the insured property has taken place;

6.3.2. the correspondence address or the address of the insured object has been changed.

## 7. MUTUAL DUTIES OF THE POLICYHOLDER AND THE INSURED

The policyholder is obliged to inform the insured of the fact that he/she is being insured in accordance with an insurance contract, the terms and conditions of which have been agreed by and between the policyholder and the insurer, as well as of the fact that the said terms and conditions are binding to the insured; that these terms and conditions must be adhered to and met. The policyholder is obliged to explain the consequences which might arise in the event if the insured fails to perform and/or performs improperly any provision of the insurance contract.

## 8. DUTIES OF THE POLICYHOLDER AND/OR THE INSURED AFTER OCCURRENCE OF A RISK INSURED

8.1. The policyholder and/or the insured shall inform the insurer of the occurrence of a risk insured as soon as possible and shall act in all possible and reasonable ways to reduce the amount of any possible loss.

8.2. The policyholder and/or the insured is obliged to ensure the insurer's requirement to determine and assess the amount of loss and the circumstances having caused the loss as well as ensure access of the insurer to the damaged object.

8.3. The policyholder and/or the insurer shall submit to the insurer all the documents, describing the occurrence of the risk insured and the losses caused by the risk as well as provide any other information and/or documentation required by the insurer.

8.4. If it is required by any specific features of the risk insured, the police and/or fire-fighters and/or other competent institutions shall be informed of the occurrence of the risk.

8.5. In the case of occurrence of an event which according to the policy is an insured event, the policyholder and/or the insured shall take the following measures:

8.5.1. to report to the police immediately in the case of theft, robbery or property damage;

8.5.2. to inform to the fire fighting services if the loss has been caused by fire, explosion etc.;

8.5.3. to inform emergency services, house manager or house administration, or other appropriate officials if the loss has been caused by water leakage, failure of heating system or sewage system.

8.6. The policyholder and/or the insured shall be obliged to prove occurrence of the insured event.

8.7. The policyholder and/or the insured shall inform the insurer of the occurrence of a risk insured as soon as possible and not later than within 3 (three) working days after the establishment of the fact, specifying:

8.7.1. the date and time of the loss or damage;

8.7.2. the cause or the reason;

8.7.3. an approximate value of the loss.

8.8. To forward immediately to the insurer all and any receipts, reports prepared, protocols, claims and other documents required for establishment of the loss amount and the circumstances.

8.9. To coordinate rescue and protection works as much as possible and not to leave the property unattended.

8.10. Without a written consent of the insurer, any liabilities cannot be acknowledged or promises given regarding payment of the insurance indemnity.

8.11. Without a written consent of the insurer and coordination of the loss amount, it is prohibited to start any repair or restoration of the property damaged except those which are necessary for immediate elimination of the cause of the loss or damage.

8.12. Without a written consent of the insurer, it is prohibited to move the insured movable property from the insured object or dispose of any damaged property.

## 9. CONSEQUENCES OF FAILING TO FULFIL DUTIES OF THE POLICYHOLDER AND/OR THE INSURED

9.1. If any action or omission from the part of the policyholder and/or the insured has served or will serve as a reason for deception of the insurer, the insurance contract shall be recognized invalid as of the date of conclusion

thereof, except the cases when according to the Law "On Insurance Contract" it is prohibited as the deception has been caused by ordinary negligence. The insurer shall not return back any insurance premium paid.

9.2. The insurer, at his own discretion, may refuse to pay the insurance indemnity or reduce the indemnity amount by 50% if the policyholder and/or the insured has not fulfilled or has fulfilled partially any requirement contained in the insurance contract or if the policyholder and/or the insured has violated any provision of any existing and valid law of the Republic of Latvia if such law is applicable to the insured event. An exception is the case when the non-performance of the requirements of the insurance contract has occurred in the result of ordinary negligence – in this case the insurer shall act in accordance with the provisions of the Law "On Insurance Contract".

9.3. In the event if the policyholder or the insured in the result of his action or inactivity has negatively influenced realisation of any right of the insurer, the latter shall be entitled to reduce the insurance indemnity by 50 (fifty) % or refuse to pay the insurance indemnity at all.

9.3. The insurer shall not pay the insurance indemnity if the occurrence of the risk insured has been caused by malevolent acts or gross negligence from the part of the policyholder, the insured or a third party. The insurer shall not return back any insurance premium paid.

#### 10. PROCEDURE OF PAYMENT OF THE INSURANCE INDEMNITY

10.1. The policyholder and/or the insured submits within 3 (three) days a written claim to the insurer on occurrence of an insured risk.

10.2. The insurer evaluates the claim and other documents received from the policyholder and/or the insured in order to establish whether the insured risk occurrence event is an insured event and in order to determine the amount of the insurance indemnity:

10.2.1. amount of the insurance indemnity is determined according to the restoration value of the insurance object (unless otherwise is specified in the policy) on the date of occurrence of the insured event, by applying underinsurance / overinsurance;

10.2.2. if an insured event is established and if the parties have agreed upon the amount of the insurance indemnity:

10.2.2.1. the insurer adopts decision on payment of the insurance indemnity;

10.2.2.2. the insurer pays the insurance indemnity within 5 (five) working days after the date of adoption of the decision;

10.2.2.3. the procedure of payment of insurance indemnity is specified in the loss settlement protocol.

10.2.3. if an insured event is established but if the parties have not agreed upon the amount of the insurance indemnity:

10.2.3.1. the insurer shall have the right to request additional documents for calculation of the insurance indemnity amount;

10.2.3.2. 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;

10.2.3.3. upon evaluation of the expert's opinion, the insurer shall adopt decision on the amount of the insurance indemnity and other disputable issues;

10.2.3.4. the amount of the insurance indemnity and the procedure of payment thereof shall be reflected in the loss settlement protocol which is to be signed both by the insurer and the policyholder and/or the insured;

10.2.3.5. the insurer shall pay the insurance indemnity within 5 (five) working days after the date of signing of the loss settlement protocol;

10.2.4. if an insured event is not established:

10.2.4.1. the insurer adopts decision on refusal of payment of insurance indemnity;

10.2.4.2. the insurer shall notify the policyholder about the decision adopted within 5 (five) working days after the adoption of the decision.

10.3. The insurance indemnity is paid according to the principle of compensation unless the parties have agreed otherwise.

10.4. The insurer indemnifies only those losses of the policyholder and/or the insured that have been caused in connection with the insured event and that have been proved by relevant documents.

10.5. The deductible shall be deducted from any insurance indemnity to be paid unless the parties have agreed otherwise.

10.6. In the case if the divided payment has been applied to the insurance premium, the insurer shall have the right to deduct the difference between the paid and the full insurance premium from the insurance indemnity.

#### 11. COMPENSATION PRINCIPLE

11.1. When the compensation principle is applied, both the insurance indemnity to be paid and the insurance indemnity paid shall not exceed the amount of loss caused in the result of the insured event.

11.2. Only proved losses shall be compensated.

11.3. Any loss incurred before the date of coming into effect of the insurance contract shall not be compensated.

11.4. Any loss incurred before/after the insurance period shall not be compensated.

#### 12. PROCEDURE OF SETTLEMENT OF DISAGREEMENTS

12.1. All and any disagreements arisen between the parties shall be settled by negotiations.

12.2. If the disagreement has arisen due to the fact that the particular issue is not regulated by the insurance terms and conditions, the parties shall apply laws of the Republic of Latvia, in particular the Law "On Insurance Contract" and the "Consumer Rights Protection Law" for settlement of the issue.

12.3. If the parties have not settled the dispute by negotiations, the dispute shall be referred to a court of justice of the Republic of Latvia and settled in accordance with the laws of the Republic of Latvia.

12.4. The division of the insurance contract in paragraphs, sub-paragraphs and headings thereof shall not affect legal interpretation of the text.

#### 13. TERM OF ADOPTION OF THE INSURER'S DECISION

13.1. The insurer shall adopt decision on payment of the insurance indemnity within 2 (two) weeks as of the date of receipt of all the documents and evidences required for decision-making.

13.2. In the event if due to objective reasons the above-mentioned term cannot be observed, the term shall be extended up to 6 (six) months.

#### 14. GENERAL EXCEPTIONS

14.1. The insurer shall not be liable to indemnify any losses incurred in the event if the losses have been caused in the result of any exceptions specified in the laws and regulations of the Republic of Latvia or in the insurance contract (general exceptions are specified in Article 14 hereof and risk exceptions – in Article 17 hereof).

14.2. General exceptions are as follows:

14.2.1. terrorism – terrorism acts or results thereof, notwithstanding any other causes which accidentally or in any other way have contributed to occurrence of losses, damages or expenses; for the purpose of this provision, an act of terrorism means an act of violence or a dangerous action threatening to human lives, tangible or intangible property or infrastructure, with the intention to influence any government or to put the public, or any part of the public, in fear;

14.2.2. war, military invasion, civil war, uprising, revolution and riot in the event of usurpation of military or any other power.

14.3. In addition to the foregoing, the insurance shall not cover any loss or damage having been caused:

14.3.1. in the result of any nuclear weapon or nuclear substances;

14.3.2. in the result of ionizing radiation or radioactive contamination, nuclear fuel or nuclear waste;

14.3.3. due to confiscation, forced taking-over, requisition, nationalisation and other forced orders;

14.3.4. in the result of environmental pollution or poisoning;

14.3.5. in the result of a pressure wave caused by an aircraft or other means of air transport;

14.3.6. due to collapse or cracking, gradual break-up or hidden defects of houses and buildings;

14.3.7. due to effects caused by insects, pests, worms, rodents, animals and birds;

14.3.8. due to daily wear and tear, atmospheric moisture or dryness, too high or too low temperatures, rapid change or temperature or moisture level, smog, shrinkage, vaporisation, weight loss, rust, corrosion, dry or wet rot and due to discoloration or finish change;

14.3.9. in the result of settling of pavements, foundation, walls, floors or ceilings, landslides or land lifting, ordinary settling, cracking, shrinkage or expansion;

14.3.10. due to cracking, breakage, failure or overheating of boilers and similar equipment, leakage from connections and/or breakage of welding joints of pipes leading from such equipment;

14.3.11. in the result of errors, erroneous work or design of technological equipment, appliances and components thereof of any kind; in the result of mechanic, technical or electronic fault, damage or failure of any equipment or components thereof;

14.3.12. due to materials of bad quality, incorrect operation of the insurance object, violations of operation or maintenance rules;

14.3.13. due to interruption of supply of electric power or other public utilities;

14.3.14. in the result of change of (ground) water level and consequences thereof;

14.3.15. in the result of frost, atmospheric precipitation, thaw or dust except cases when such a loss or damage has been caused as a consequence of another insured event which is not specified in the policy and the insurance contract as an exception;

14.3.16. in the result of malevolent or illegal actions or gross negligence from the part of the insured, the policyholder or any related person using the insured property;

14.3.17. in the result of violation of provisions of existing legal acts, normative acts, construction standards, technical operation and fire safety regulations;

14.3.18. to that part of the insured property which is being tested, repaired, adjusted or renovated;

14.3.19. to that part of the insured property which has not been directly damaged in the result of occurrence of the insured risk;

14.3.20. to that part of an electrical appliance or installation where leakage of electric current or overvoltage, short circuit or overheating took place;

14.3.21. to that part of a tank, reservoir or water supply or sewage pipe where water system breakage or water leakage took place.

## 15. INSURANCE OBJECT

15.1. According to the insurance contract, the insurance object may be a real and/or a movable property located at the address specified in the insurance policy.

15.2. A building or a structure in the capacity of an insurance object includes the following:

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

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

15.2.3. structures that are specified in the design and attached to the building from outside and that do not perform advertising or other commercial functions;

15.2.4. gutters, heating, oil, gas and steam pipes, and electric cables attached to the building according to the design, to their connection to public networks;

15.2.5. in addition to the above-mentioned, the insurance amount of a residential house shall include:

15.2.5.1. satellite antennas, radio and TV antennas, lighting fixtures installed on the insured building;

15.2.5.2. flag staffs, garden lights installed in the insurance object/territory.

15.3. An apartment in the capacity of an insurance object includes the following:

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

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

15.3.3. costs of interior decoration of the apartment unless otherwise is specified in the insurance policy.

15.4. In the case of insurance of a real property, the following property is not insured unless it has been agreed separately in written with the insurer and specified in the insurance policy:

15.4.1. shared ownership parts of a multi-apartment house, such as staircase, roof, attic, basement etc.;

15.4.2. engineering systems and pipelines thereof, electric power lines, cables, sewage tanks and wells located outside the insurance object;

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

15.4.4. real property that is under reconstruction or construction;

15.4.5. greenery, plants, trees, walkways, yard and sports area coverings, pools, bridges, berths, piers, ramps etc;

15.4.6. hothouses, boat sheds and similar temporary structures;

15.4.7. houses, buildings, apartments which are not inhabited permanently and movable property located therein. A house, building, apartment is considered to be not inhabited permanently if it is not used by the policyholder or the insured for permanent residence and/or if it has not been inhabited in 90 (ninety) consecutive days or in 185 (one hundred eighty five) days in total during the last year (since the date of conclusion of the insurance contract);

15.4.8. pumps and other appliances placed/submerged in the ground, wells, pools, ponds etc.

15.5. This insurance contract shall not cover any loss or damage caused to:

15.5.1. a real estate which is in emergency condition as well as to any movable property located therein;

15.5.2. multi-family residential, administrative, industrial and commercial buildings, apartments and premises;

15.5.3. buildings that have been built arbitrarily, without approved design and building permit as well as any movable property located therein;

15.5.4. ground and soil;

15.5.5. property other than integral parts of constructions of the building, for example, built-in furniture, kitchen and other household appliances, movable property of any kind;

15.5.6. constructions and equipment having installed or made by the house or apartment owner himself/herself if installation or making of such construction or equipment requires special knowledge or authorisation issued by appropriate institutions, including cables, pipelines, electric lines, apparatus etc.;

15.6. Interior finish of premises in the capacity of an insurance object includes interior finish and renovation costs including building and finish materials to be used, up to the bearing structures of the apartment (floors, walls, ceilings), labour costs, engineering systems, parts of other elements inseparably connected with and important for the apartment (partition walls, windows, doors, plumbing equipment), reconstruction, replacement or removal of which will not negatively affect stability of the apartment/building and will not prejudice the rights of owners of other apartments/premises.

15.6.1. In the case of insurance of finish of premises, the following property shall not be insured unless it has been agreed separately in written with the insurer and specified in the insurance policy:

15.6.1.1. built-in furniture, appliances and equipment;

15.6.1.2. lighting fixtures, chandeliers.

15.7. Movable property in the capacity of an insurance object comprises of belongings owned by the policyholder or his/her family members and designated for daily use, which are located in the residential house, apartment or a confined and fenced territory specified in the insurance policy.

15.7.1. Movable property may be insured:

15.7.1.1. according to a list which has been prepared by the insured in written and presented to the insurer and which has been accepted by the insurer for insurance. In this case, the list of movable property of the insured shall be an integral part of the policy;

15.7.1.2. without any list. In this case, any household item or property, which is owned by the policyholder or his/her family members and purchase value of which does not exceed LVL 1000 (one thousand), is insured without any specification of the positions. If such a list of movable property is not specified in the insurance policy / contract, it is assumed and understood that any property, purchase value of which exceeds LVL 1000 (one thousand) is insured for the insurance amount of LVL 1000 (one thousand); in the case when movable property is insured without a list, a maximum insurance amount is determined, for which an aggregate of items of equal usage property is insured.

15.7.2. In the case of insurance of movable property, the following property shall not be insured unless it has been agreed separately in written with the insurer and specified in the insurance policy:

15.7.2.1. property that does not belong to the policyholder or his/her family members, such as hired or rented property;

15.7.2.2. property that is kept or located outdoor or outside the insured premises;

15.7.2.3. property that is located in a house or apartment that is not inhabited permanently or that is in emergency condition;

15.7.2.4. data and software contained by information technology equipment, data carriers, drawings, registers, agreements, models and templates, licences and patents, audio and video records;

15.7.2.5. means of transport, tractors, excavators, self-propelled and similar motor vehicles; aircraft, ships and boats;

15.7.2.6. money, securities including non-used stamps, excise duty stamps, coupons, lottery tickets, bills of exchange, cheques, claim and payment documents, payment cards;

15.7.2.7. medicines, psychotropic substances, weapons, ammunition and other dangerous and inflammable substances;

15.7.2.8. jewelleries, precious stones, precious metals, antiquities and antique furniture, collection items, rare books, pictures and artworks;

15.7.2.9. alcoholic beverages, tobacco products, foodstuffs;

15.7.2.10. plants, animals and domestic animals;

15.7.2.11. agricultural products, building materials.

15.8. In addition to the provisions of Article 15.7, movable property may be insured as Active recreation equipment. The insurer undertakes to indemnify for sudden, unforeseen, direct loss or damage of the insured equipment in accordance with the following:

15.8.1. The Active recreation equipment is insured during the period of time when it is located:

15.8.1.1. at the address specified in the insurance policy (hereinafter – the policy) during the period of storage thereof;

15.8.1.2. in the territory of the Republic of Latvia during the period of use thereof.

15.8.2. The insurance object is equipment which is owned by the policyholder or his/her family members, which is being used during active recreation and/or physical exercises, and which is used by the above-mentioned persons. A family member in the context of these conditions is the spouse of the insured or a person with whom a formal marriage is not registered but who is the cohabitation partner of the insured, as well as children, parents and grand-parents if they have common household. Active recreation equipment in the context of these conditions includes a portable computer, video camera, camera, bicycle, skis, snow-board, skates, perambulator, tent as well as other tourism and sports equipment items which are included in the joint list of the property of the policyholder (hereinafter – the list).

15.8.3. Active recreation equipment may be insured:

15.8.3.1. according to a list which has been prepared by the policyholder in written and presented to the insurer and which has been accepted by the insurer for insurance. The list shall be an integral part of the policy;

15.8.3.2. without any list, by specifying the total value of the equipment. In this case, all the equipment owned by the policyholder or his/her family members is insured, without specification of positions of the list.

15.8.4. Unless agreed separately and specified in the policy, the following shall not be insured under the insurance of the Active recreation equipment:

15.8.4.1. property that does not belong to the policyholder or the insured, such as hired or rented property;

15.8.4.2. property that has been damaged at the moment when it was used in professional sports or exercises;

15.8.4.3. mobile phone; glasses, watch;

15.8.4.4. ships, boats;

15.8.4.5. motorized transport, such as motorcycles, water scooters, go-carts, quadricycles, excavators, self-propelled vehicles etc.

15.8.5. In the case of insurance of movable property in the form of active recreation equipment, the insurer shall indemnify for a sudden, unforeseen, direct physical damage or loss of the equipment, caused by acts of a third party in connection with:

15.8.5.1. theft. A theft is understood as a deliberate, unlawful open or covert taking of property owned by another person, by breaking in a locked and/or confined room, by damaging the fencing-off elements or locks which prevent access to the location where the insurance object is situated;

15.8.5.1.1. as to bicycles, perambulators and other equipment (which, according to the manufacturer's instructions, should be locked with a safety lock), the theft risk is in effect also during the period of usage thereof when the equipment is kept by locking it with a safety lock to a stationary object. A bicycle should be locked by a safety lock or similar device, by locking together both wheels of the bicycle; the bicycle should be also locked to a stable stationary object by putting the lock cable around the frame of the bicycle (if any) and around the stationary object. Safety lock in the context of these conditions is a locking device specially designated by the manufacturer for protection of the insured equipment from theft. The safety lock must be suitable to the insured equipment;

15.8.5.2. robbery. Robbery is understood as a deliberate, unlawful, open taking of property owned by another person, by applying violence or immediate threat of violence against the policyholder or a member of the policyholder's family;

15.8.5.3. motor vehicle impact on the insured equipment.

15.8.6. In addition to the foregoing, losses caused by the risk "Fire" shall be indemnified.

15.8.7. In the case of insurance of the active recreation equipment, the insurer shall not indemnify for:

15.8.7.1. any loss or damage if the equipment at the moment of the theft during its use outside the object address specified in the policy has not been fixed or locked to a stationary object (according to Article 15.8.5.1.1) and/or has been freely movable;

15.8.7.2. any loss or damage if it has been favoured by a malevolent act, gross negligence or criminal action or inactivity of the policyholder or a member of his/her family;

15.8.7.3. any loss or damage caused to clothes, furniture, electrical appliances, household inventory, motorized transport;

15.8.7.4. if the fact of theft, robbery, motor vehicle impact or fire is not registered by appropriate state authorities;

15.8.7.5. in the absence of documents confirming existence of the stolen or robbed property (purchase cash receipts, technical certificates, guarantee certificates etc.);

15.8.7.6. if the policyholder or the family member (who has used the insured equipment) has been under alcoholic intoxication or intoxicated by drugs or other intoxicating substances at the moment of occurrence of the insured risk;

15.8.7.7. the risk of theft if the insured equipment has been located outside locked, inhabited premises and if the theft took place during the period of time from 22:00 o'clock till 09:00 AM.

## 16. INSURANCE AMOUNT AND VALUE OF INSURANCE OBJECT

16.1. The policyholder, upon agreement with the insurer, shall fix the property insurance amount basing upon the value of the property insured. The insurer shall not be responsible for the insurance amount specified by the policyholder.

16.2. Insurance amount shall correspond to the insurance object restoration value. Restoration value is an amount of money required:

16.2.1. in the case of a house, building, apartment: to restore it in the previous quality and scope or to construct a new, equal real property of the same construction, parameters and designation instead of the previous real property, including all and any engineering systems and designing costs relating to the construction;

16.2.2. in the case of finish or repair of premises: to restore the premises in the previous quality and scope as the premises were just before the insured event;

16.2.3. in the case of movable property: to purchase or make a new movable property of the same kind, quality and designation as the previous one.

16.3. If physical depreciation of a real property exceeds 40 (forty) % at the moment of conclusion of the insurance contract, then the insurance amount of the real property shall not exceed the real value of the insured object.

16.4. If the insurance amount of an insurance object is less than the insurance object value or exceeds it, then, upon occurrence of an insured event, the overinsurance or underinsurance provisions shall apply.

16.5. The overinsurance provision 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 (overinsurance); in the case of occurrence of an insured event, the insurance indemnity shall not exceed the restoration value or the real value of the insurance object as it was just before occurrence of the insured event.

16.6. The underinsurance provision 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 (underinsurance), and the insurer shall pay the insurance indemnity in the proportion equal to the relation between the insurance amount and this value.

16.7. The underinsurance provision may not be applied in the case if the insurance amount of an insurance object is not more than by 15 (fifteen) % lesser than the insurance object value.

## 17. INSURED RISKS

17.1. Solely the risks specifically enlisted in the insurance policy are insured.

17.2. **Fire** – the insurance covers a loss or damage occurred in the result of a fire if the loss or damage has been caused by a sudden, unforeseen and uncontrollable burning with open 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 suddenly and unexpectedly by a fire or a burning object or an object heated in the result of burning.

17.2.1. The insurance shall not cover any loss or damage:

17.2.1.1. caused to a property or a part thereof which has been deliberately exposed to a treatment or a process in which heat or open fire is being used;

17.2.1.2. caused to a property or a part thereof in which or by which the heat or fire is generated or transmitted;

17.2.1.3. caused to a property or a part thereof which has suffered damages in the result of influence of electric current (overvoltage, short circuit, overheating etc.);

17.2.1.4. caused in the result of glowing unless the glowing has been caused by a fire;

17.2.2. The above-mentioned exclusions shall not apply to a loss or damage caused to the remaining insured property if the flames occurred have independently continued further spreading.

17.3. **Lightning** – the insurance shall cover a loss or damage caused by a lightning that has struck directly the insurance object.

17.3.1. The insurance shall not cover a loss or damage caused to electrical appliances by overvoltage or induction of the electrical network caused by a lightning unless the lightning has struck directly those appliances.

17.4. **Aircraft** - the insurance shall cover a loss or damage caused by fall of an aircraft, a part thereof or a cargo thereof onto the insured object.

17.5. **Explosion** - the insurance shall cover a loss or damage caused to the insurance object in the result of an explosion if the explosion has been sudden and unforeseen. Explosion is a 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.

17.5.1. The insurance shall not cover:

17.5.1.1. loss or damage caused in the result of a low pressure (implosion);

17.5.1.2. loss or damage caused in the result of aerodynamic shock generated by a jet aircraft;

17.5.1.3. loss or damage caused by explosion of explosives, fuels and other highly inflammable substances stored in the insurance object;

17.5.1.4. loss or damage caused in the result of quarry works or blasting works;

17.5.1.5. loss or damage of internal combustion engines caused in the result of internal explosion or collapse of the engine;

17.5.1.6. loss or damage of equipment that has been caused by the internal centrifugal force, internal tension, seal weakening or liquid pressure thereof;

17.5.1.7. loss or damage of a closed pressure-proof vessel, equipment, boiler, pipe or tank that has been caused by internal explosion or collapse thereof due to internal pressure;

17.5.1.8. loss or damage of an equipment, appliance or item which has been specifically designated for use of explosion energy.

17.5.2. The above-mentioned exceptions 17.5.1.7 and 17.5.1.8 shall not be applied to a loss or damage caused to the remaining insured property.

17.6. **Storm, hail** - the insurance shall cover a loss or damage of the insured property caused by storm or hail.

17.6.1. Storm is to be understood as an air mass flow, the average speed of which is at least 20 (twenty) metres per second. If it has been impossible to measure the wind speed in the location of the insured event, a storm shall be considered as really occurred if the movements of the air mass in the surroundings of the insurance object had caused damages also to well-maintained buildings or other properties that had been as storm-proof as the said buildings, or if damages of the particular kind could have been caused solely by a storm, provided always that the conditions of the insured building (buildings) in which the insurance objects had been kept was (had been) faultless.

17.6.2. Hail is understood as precipitation in the form of ice pieces of various shape, size and weight that has fallen onto the insurance object, thus causing its destruction or damage.

17.6.3. The insurance shall not cover:

17.6.3.1. loss or damage caused by waves, ice movement, snow or ice weight, or flood, or high water levels caused in the result of a storm occurred;

17.6.3.2. loss or damage caused to a movable property kept outdoors, or loss or damage caused to a movable property unless the loss or damage had occurred in association with the damages caused by the storm to the building;

17.6.3.3. loss or damage caused by precipitation, mud, dust or dirt unless the loss or damage had occurred in association with the damages caused by the storm;

17.6.3.4. loss or damage caused to flag staffs, garden lighting fixtures, items installed outside the building which are associated with operation of the building and ensured functioning thereof (such as satellite antennas, radio and TV

antennas, lighting fixtures, antennas) located in the insurance object unless the loss or damage had occurred in association with the damages caused by the storm to the insured building.

17.7. **Breakdown of water supply, heating or sewage systems** – the insurance shall cover loss or damage of the insured property having been caused by a leakage of liquid or steam resulting from a sudden and unforeseeable breakdown – a breakage or rupture of:

17.7.1. a water supply, sewage, heating or fire fighting system and pipelines thereof installed in the building;

17.7.2. a tank or vessel used for storage of a liquid, or of a running equipment, provided always that the tank, vessel or equipment should permanently be connected with the systems mentioned in Article 17.7.1 above and pipelines thereof;

17.7.3. In addition to the provisions of Articles 17.7.1 and 17.7.2, the insurer shall indemnify also for a loss or damage caused by a leakage of liquid or steam from a water supply, sewage, heating or fire fighting system and pipelines thereof installed in the building, if such a leakage has been caused due to actions or inactivity of third parties.

17.7.4. If during the insurance period there have been presented claims for more than two insured events, the cause of which had occurred in the insurance object, then, starting from the second insured event, the amount of the deductible specified in the policy may be doubled, however, this amount shall not be less than LVL 200.00 (two hundred).

17.7.5. The insurance shall not cover a loss or damage:

17.7.5.1. that has been caused by rainwater or snow melting water from the roof, windows, doors, joints and elements, or gutters attached outside the building;

17.7.5.2. that has been caused by condensed water, ground water;

17.7.5.3. that has been caused by flooding of sewage in the result of a rainfall, thaw or flood;

17.7.5.4. that has been caused by damage or clogging of a municipal or other public water supply, sewage or heating line outside the building;

17.7.5.5. that has been caused by frost, moisture (rotting, fungi growing or odour etc.) in the result of corrosion or another long-lasting process, or gradual disintegration;

17.7.5.6. that has been caused by a leakage of a liquid, gas or steam from a system being under repair or fixation in the course of repair works in the insurance object;

17.7.5.7. that has been caused by a leakage of a liquid through the water insulation in the constructions or through a joint of a drain or steam pipe installed in the floor;

17.7.5.8. that has been caused to damaged pipelines, equipment or tanks that had caused the liquid or steam leakage; however, the foregoing does not exclude the insurer's liability for a loss or damage of the remaining insured property;

17.7.5.9. that has been caused by water leaked out from or in the result of overflow of aquaria, bathtubs, sinks and pools installed in the insurance object;

17.7.5.10. that has been caused to permanently uninhabited houses, buildings, apartments and movable property located therein.

17.8. **Burglary, robbery** – the insurance shall cover a loss or damage of the insured property:

17.8.1. that has been caused in the result of a burglary or a malevolent act of sabotage, by breaking in or trying to break in the insurance object specified in the insurance policy by damaging constructions, locks, fencing elements that protect the insurance object from access, or by entering the insurance object by using false keys or other instruments, or by using the original key that had been got in the result of a theft with breaking in or a robbery that had taken place outside the insurance object;

17.8.2. that has been caused in the result of a robbery, by using violence or force, or by threatening to apply immediate violence against the policyholder, his/her family member or employee, or a person who is responsible for control and safe custody of the insured property.

17.8.3. The insurance shall not cover:

17.8.3.1. a burglary if it has been stimulated by a deliberate action, gross negligence or inactivity of the policyholder or the insured;

17.8.3.2. a theft without breaking in;

17.8.3.3. a theft of a movable property having been kept outdoor unless it has been specifically agreed in the insurance policy and unless the policyholder has taken all the security measures required in order to guard the property and restrict free access thereto by constructional elements.

17.9. **Illegal acts of third parties** – the insurance shall cover a loss or damage of the insured property that has been caused in the result of an intentional physical destruction or damaging carried out by a third party.

17.9.1. Once during the insurance period, the insurer shall indemnify for a loss or damage caused to the insurance object in the result of illegal actions of third parties who have applied paints and/or other substances. The maximum insurance indemnity amount is limited to 10 (ten) % of the insurance amount for the damaged insured property but in no case more than LVL 500 (five hundred).

17.9.2. The insurance shall not cover a loss or damage:

17.9.2.1. that has been caused to the property in connection with or caused by water, fire, theft, robbery, motor vehicle impact;

17.9.2.2. that has been caused to a movable property having been kept outdoors unless it has been specifically agreed in the insurance policy and unless the policyholder has taken all the security measures required in order to guard the property and restrict free access thereto by constructional elements.

17.10. **Overflow** - the insurance shall cover a loss or a direct physical damage of the insured property that has been caused by a sudden and unforeseen leakage of a liquid or steam due to an ordinary negligence of the policyholder or the insured. The insurance shall indemnify for the loss if the liquid or steam leakage has taken place from:

17.10.1. a water supply, sewage, heating or fire fighting system and pipelines thereof installed in the building;

17.10.2. a tank or vessel used for storage of a liquid, or running equipment, which is permanently connected with the above-mentioned pipes or equipment;

17.10.3. a bathtub, sink, pool, aquarium, which is permanently connected with the above-mentioned pipes or equipment;

17.10.4. in the case of insurance of the flooding risk, the insurer shall, once in the insurance period, indemnify for a loss or damage having been caused by a liquid or steam leakage resulting from a sudden and unforeseen breakage - a break or rupture that has been directly caused by frost; provided always that the engineering systems being in the building/premises have been built/installed in accordance with the existing building standards and the design, and by using building materials specified in the design; and provided always that the building/premises had been properly operated and managed and had been in functionally good order before occurrence of the loss. According to the present conditions, frost shall be deemed to have been occurred if on the date of occurrence of the risk the lowest air temperature in the insurance place has been at least -25 (twenty five) °C.

17.10.5. The deductible in the case of insurance of the Flooding risk shall be LVL 500 (five hundred) unless otherwise is agreed separately in written with the insurer and specified in the insurance policy;

17.10.6. The insurance shall not cover a loss or damage:

17.10.6.1. that has been caused by rainwater or snow melting water from the roof, windows, doors, joints and elements, or gutters attached outside the building;

17.10.6.2. that has been caused by condensed water, ground water, or flood;

17.10.6.3. that has been caused by damage or clogging of a municipal or other public water supply, sewage or heating line outside the building;

17.10.6.4. that has been caused by moisture (rotting, fungi growing or odour etc.) in the result of corrosion or another long-lasting process, or gradual disintegration;

17.10.6.5. caused in the result of rising of the water level due to rain, snow melting or flood;

17.10.6.6. that has been caused by splashed water or water used in cleaning works;

17.10.6.7. that has been caused to damaged pipelines, equipment or tanks that had caused the liquid or steam leakage; however, the foregoing does not exclude the insurer's liability for a loss or damage of the remaining insured property;

17.10.6.8. that has been caused by a liquid, gas or steam leakage from a system that is damaged and/or is in the emergency condition, and/or has been negligently maintained or serviced.

17.11. **Motor vehicle impact** - the insurance shall cover a direct physical damage or loss of the insured property if it has been caused by a sudden and unforeseen collision of any motorized land vehicle with the insured property.

17.11.1. The insurance shall not cover a loss or damage to a movable property kept outdoors unless it has been specifically agreed in the insurance policy.

17.12. **Weight of snow or ice** - the insurance shall cover a sudden and unforeseen direct physical damage or loss that has been caused by an excessive snow or ice mass created in the result of a continuous and intensive snowing, by destroying or damaging the roofing or the supporting structures of the building.

17.12.1. The insurance shall not cover a loss or damage:

17.12.1.1. caused to a building that is not inhabited or operated;

17.12.1.2. that has been caused in the result of freezing or melting of snow or ice;

17.12.1.3. that has been caused to leans-to, arcs, signboards and other constructions of the building in the result of falling of snow, ice or icicles;

17.12.1.4. that has been caused to a movable property located outdoors or a loss caused to a movable property unless incurred in connection with the damages caused to the building by the snow or ice weight;

17.12.1.5. that has been caused due to gross negligence or inactivity of the policyholder failing to perform his/her duties in respect to maintenance of the property specified in the existing laws and regulations, construction standards, technical operation conditions or administrative resolutions of the Republic of Latvia.

17.13. **Falling down of trees, masts and piles** - the insurance shall cover a sudden and unforeseen direct physical damage or loss of the insured property caused by free falling-down of a tree, mast or pile located close to the insured property, in the result of the gravitation force.

17.13.1. The insurance shall not cover:

17.13.1.1. a loss or damage caused in the result of an effect exerted by a human being or in the course of an industrial process;

17.13.1.2. a loss or damage caused to a movable property located outdoors or a loss caused to a movable property unless incurred in connection with the damages caused to the building in the result of falling-down of a tree, mast or pile.

17.14. **Breakage of glazing** - the insurance shall cover glazing and/or glass sheets (packages) of the building, external windows and doors of the apartment against damages and loss arisen in the result of any sudden and unforeseen accident. The insurer shall indemnify also for reasonable costs (not exceeding 10% of the insurance amount of the damaged glazing) of temporary cover instead of the glazing.

17.14.1. The insurance shall not cover:

17.14.1.1. engraved glass, stained glass, silver-plated, corrugated, bent or ornamented glass unless it has been specifically insured;

17.14.1.2. costs of replacement or restoration of window frames or parts (fittings) thereof unless it has been specifically insured;

17.14.1.3. damages of window frames or parts (fittings) thereof unless it has been specifically insured.

17.15. **Substitution of dwelling** - the insurance shall cover additional costs incurred in connection with sudden, unforeseen, direct material losses or damages of the insured real property according to the below-mentioned.

17.15.1. When the cover "Substitution of dwelling" is selected, the insurer shall indemnify for documentary confirmed, necessary (justified) moving costs and/or rent costs associated with temporary accommodation of permanently residing persons in another location if the insurance object (living area) has become completely unfit for living in the result of occurrence of an insured event.

17.15.2. The property substitution insurance is valid if the real property is insured for the restoration value and if the living area selected for provisory residence as well as the maintenance costs thereof have been agreed with the insurer beforehand.

17.15.3. Insurance indemnity shall be paid out according to the compensation principle, upon presentation of documents substantiating the indemnity amount.

17.15.4. The liability of the insurer for substitution of dwelling shall terminate if any of the following conditions is met:

17.15.4.1. the insurer has restored the property in condition equivalent to that which existed prior to the insured event;

17.15.4.2. the insurer has replaced the damaged property with an equivalent/similar property;

17.15.4.3. the insurer has indemnified for the damaged property by paying an amount of money.

17.15.5. Indemnity amount: the insurer shall indemnify for rental costs starting from the following day after the date when the temporary living area has been hired; however, not longer than for 6 (six) months. The maximum indemnity limit is LVL 30 (thirty) per day, not exceeding in total 15 (fifteen) per cent of the sum of insurance for the damaged real property.

17.16. **Phenomenon of electrical nature** - the insurance shall cover a sudden and unforeseen loss or damage caused to an electrical appliance by a phenomenon of electrical nature that has taken place in the appliance. Phenomenon of electrical nature is a short circuit contour, short circuit, electrical discharge or another electrical damage that has arisen in an electrical appliance and that has irreversibly damaged the insulation of the electrical appliance.

17.16.1. The insurance shall not cover a loss or damage:

17.16.1.1. caused to the remaining insured property, except the case when such damage has been caused by any other insured risk in connection with

the loss caused by the phenomenon of electrical nature, such as fire, explosion or water leakage;

17.16.1.2. caused by an interruption of electric power supply or a change of the quality of electrical power in the public network unless a direct physical damage is caused to the electrical appliance itself;

17.16.1.3. in the case when the short circuit contour, short circuit, electrical discharge or another electrical damage has been caused in the result of any actions of a person.

17.17. **Flood** - the insurance shall cover a sudden and unforeseen loss or damage caused to the insured property by flood. Flood in the context of these insurance conditions shall be understood as flooding of a lesser or bigger area by water which has overrun the limits of water bodies or basins.

17.17.1. The insurance shall not cover a loss or damage:

17.17.1.1. caused by waves, ice movement, and ice or snow weight;

17.17.1.2. caused to a pier or hydro-structure, a movable property kept outdoors unless it is specifically indicated in the insurance policy;

17.17.1.3. caused to objects located in an area/zone of increased flooding/flood risk;

17.17.1.4. caused by ground water, snow or ice melting water, high water;

17.17.1.5. caused by storm;

17.17.1.6. caused by foreseeable flood. Foreseeable flood in the context of these insurance conditions is a flood if it is of a seasonal nature and/or if a flood occurs in the territory of validity of the policy more frequently than once in every ten years.

17.18. **Earthquake** - the insurance shall cover a loss or damage of the insured property caused by quaking of the earth surface or movements in the earth crust which are at least of magnitude 5 according to the Richter scale.

## 18. INSURANCE INDEMNITY AMOUNT

18.1. Loss settlement in accordance with restoration value of real property - houses and buildings.

18.1.1. If the insurance object is insured according to its restoration value, in the case of a damage or loss of the insurance object the indemnity amount shall be calculated basing upon the restoration value of the insurance object and using the market price existing on the date of occurrence of the loss, however, not exceeding insurance amount of each individual insurance object, and complying with the "overinsurance" and the "underinsurance" provisions as well as complying with the following conditions:

18.1.1.1. if it is possible to restore the damaged property, the indemnity amount shall be set according to the real restoration or repair work costs; in addition, the lowest costs shall be taken into account;

18.1.1.2. if the property is partially damaged and if it is impossible to restore the property, the indemnity amount shall be calculated by deducting the value of the property which is fit for further use from the restoration value of the insurance object that existed just before the occurrence of the loss;

18.1.1.3. if physical depreciation of the real property exceeds 40% at the moment of occurrence of the loss, the indemnity amount shall be calculated by detracting the physical depreciation of the property from the property restoration value;

18.2. Loss settlement in accordance with market value of real property - apartments and premises.

18.2.1. If the insurance object is insured according to its market value, in the case of a damage or loss of the insurance object the indemnity amount shall be calculated basing upon the market value of the insurance object and using the market price level existing on the date of occurrence of the loss, however, not exceeding insurance amount of each individual insurance object, and complying with the "overinsurance" and the "underinsurance" provisions as well as complying with the following conditions:

18.2.1.1. if it is possible to restore the damaged property and the market value (insurance amount) of the property is bigger than the restoration value, the indemnity amount shall be set according to the real restoration or repair work costs; in addition, the lowest costs shall be taken into account;

18.2.1.2. if it is possible to restore the damaged property and the market value (insurance amount) of the property is lesser than the restoration value, the indemnity amount shall be equivalent to a part of the restoration costs that is equal to the relation between the restoration value and the market value;

18.2.1.3. if the depreciation of the interior finish of the property at the moment of occurrence of the loss exceeds 40% of the repair work restoration value, it shall be deemed that no repair has been carried out, and the interior finish repair work costs shall not be taken into account when calculating the indemnity amount;

18.3. Loss settlement in accordance with restoration value of real property - apartments and premises.

18.3.1. If the insurance object is insured according to its restoration value, in the case of a damage or loss of the insurance object the indemnity amount shall be calculated basing upon the restoration value of repair works of the insurance object and using the repair work prices existing on the date of occurrence of the loss, however, not exceeding insurance amount of each individual insurance object, and complying with the "overinsurance" and the "underinsurance" provisions as well as complying with the following conditions:

18.3.1.1. if it is possible to restore the repair of the premises, the indemnity amount shall be set according to the real repair work costs required in order to restore the object in the condition as it was just before the insured event; in addition, the lowest costs shall be taken into account;

18.3.1.2. if the depreciation of the repair of the premises at the moment of occurrence of the loss exceeds 40% of the repair work restoration value, it shall be deemed that no repair has been carried out, and the interior finish repair work costs shall not be taken into account when calculating the indemnity amount.

18.4. Loss settlement in accordance with restoration value of movable property.

18.4.1. In the case of a loss or damage of movable property the indemnity amount shall be calculated basing upon the real value of the movable property and using the market price level of equivalent movable property existing at the moment of occurrence of the loss, however, not exceeding insurance amount of each individual item, and complying with the "overinsurance" and the "underinsurance" provisions as well as complying with the following conditions:

18.4.1.1. if it is possible to restore the damaged movable property, the indemnity amount shall be set according to the real restoration or repair work costs; in addition, the lowest costs shall be taken into account;

18.4.1.2. if the movable property is fully destroyed or if it is impossible to restore and/or repair the property, the insurance indemnity amount shall be set basing upon the lowest of the two following values: the real value of a functionally equivalent movable property of equal designation at the moment of occurrence of the loss, or the market value of the movable property at the moment of occurrence of the loss.

18.4.2. If the movable property is insured as the Active recreation equipment (hereinafter - the equipment), the insurance indemnity amount shall be limited according to the following:

18.4.2.1. If the equipment is insured according to a list, the maximum insurance amount for each insured event shall be the insurance amount specified in the policy, however, not exceeding LVL 500 (five hundred). The maximum insurance indemnity for the equipment during the period of validity of the insurance contract shall not exceed 20 (twenty) % of the total insurance amount of the movable property and the equipment specified in the insurance policy;

18.4.2.2. If the equipment is not insured according to a list (only the total equipment insurance amount is specified), the maximum insurance amount for each insured event shall be LVL 200 (two hundred). The maximum insurance indemnity for the equipment during the period of validity of the insurance contract shall not exceed 10 (ten) % of the total insurance amount of the movable property and the equipment specified in the insurance policy.

18.4.2.3. If it is possible to restore/repair the damaged equipment and if the equipment insurance amount is lesser than the restoration/purchase value thereof, the insurance indemnity shall be reduced proportionally, by the amount equal to difference between the equipment insurance amount and the equipment restoration or purchase value.

18.4.2.4. In the case of full destruction (if the insured equipment has been stolen, robbed or if it is impossible to restore the damaged equipment), the insurance indemnity shall be calculated according to the below equipment indemnity age coefficient table.

### Equipment indemnity age coefficient

Insurance object restoration value	Depreciation per year (percentage)
Skis	15 %
Skiing inventory (except skis)	20 %
Snowboard	15 %
Snowboarding inventory (except snowboard)	20 %
Tourism inventory	20 %
Golf inventory	15 %
Perambulator	20 %
Bicycle	15 %
Windsurfing inventory	15 %
Video camera, camera	20 %
Portable computer	25 %

The depreciation specified in the table shall be calculated starting from the second calendar year since the date of purchase of the equipment. Depreciation shall be calculated for a complete calendar year.

18.4.3. In the case of insurance of movable property without a list, unless otherwise is specified in the insurance policy, in the event of a loss or damage the insurance indemnity shall not exceed:

18.4.3.1. 25 (twenty five) % of the total movable property insurance amount for furniture, including built-in cabinets and kitchen furniture, carpets;

18.4.3.2. 25 (twenty five) % of the total movable property insurance amount for kitchen and household equipment, including vacuum-cleaners, kitchen hoods, microwave ovens;

18.4.3.3. 20 (twenty) % of the total movable property insurance amount for computer equipment and other electrical equipment, including video, photo, audio and TV equipment;

18.4.3.4. 10 (ten) % of the total movable property insurance amount for household and kitchen electrical appliances, including irons, hair-dryers, kitchen combines, mixers, table/floor lamps, tableware, plates and dishes;

18.4.3.5. 10 (ten) % of the total movable property insurance amount for clothes, footwear, underwear, mattresses, pillows and other bed-linen;

18.4.3.6. 10 (ten) % of the total movable property insurance amount for recreation and sports inventory, including bicycles, skis, snowboards, skates, perambulators. The insurance indemnity limit shall not be applicable to movable property that has been insured as the Active recreation equipment.

18.4.4. The sum of indemnifiable losses of such household items that are insured as an aggregate and that comprise one group of items shall always be limited to the insurance amount of the respective group of items.

18.4.5. If the list of movable property contains several items of one and the same designation and if the value of each item is not specified, then, in the case of a loss or damage, the insurance amount of one unit shall always be limited taking into account the proportion between the total sum (for the items of one and the same designation) and the number of units.

18.5. In the case of a loss or damage caused to satellite antennas, radio and TV antennas, lighting fixtures installed on the insured building, the maximum insurance indemnity amount for each insured event shall not exceed LVL 500 (five hundred) during the insurance period.

18.6. In the case of a loss or damage caused to flag staffs, garden lighting fixtures installed in the insurance object/territory, the maximum insurance indemnity amount for each insured event shall not exceed LVL 300 (three hundred) during the insurance period.

18.7. Insurance indemnity amount for the insurance objects mentioned in Articles 18.5 and 18.6 shall be calculated in the same relation as the building insurance amount against the building restoration value.

18.8. Insurance indemnity shall be calculated from the loss amount, by deducting the deductible specified in the insurance policy. The insurer shall have the right to reduce the insurance indemnity amount by the sum of unpaid insurance premiums during the full period of validity of the insurance contract.

18.9. After occurrence of an insured event, the insurance amount shall be reduced by the amount of the insurance indemnity paid. If the insurance indemnity for the insurance object has been paid in full, the insurance contract in respect to this object shall be terminated.

18.10. The insurance amount may be increased upon submission of an application of the policyholder and upon payment of an additional premium. The said condition shall apply to each insurance object individually.

18.11. Insurance indemnity types under this insurance contract are as follows:

18.11.1. in the form of materials in the case of restoration or repair;

18.11.2. replacement of the damaged property with equivalent property of the same kind and quality;

18.11.3. in the form of money.

18.12. The type of insurance indemnity shall be selected by the insurer at his discretion, and the lowest value shall always prevail.

18.13. If the damaged property is not restored or replaced and if the insurance indemnity is to be paid in money, the insurance indemnity amount shall not exceed the real or the market value of the damaged property, whereby the lowest of these amounts shall be indemnified.

18.14. 13. If the damaged property is not restored or replaced and if the insurance indemnity is to be paid in money, the insurance indemnity shall not include any taxes applicable to performance of restoration works and/or purchase of building or repair materials.

18.15. In the case of occurrence of an insured event, the insurer shall indemnify for:

18.15.1. provable and reasonable costs incurred to the policyholder or the insured in connection with elimination or reduction of the loss or damage;

The maximum insurance indemnity for such costs shall be 10 (ten) % of the insurance amount of the damaged real property. The total insurance indemnity for an insured event shall not exceed the insurance amount of the insurance object;

18.15.2. provable and reasonable costs of relocation, removal or destruction of the damaged movable property as well as of demolition of ruins, construction waste removal, cleaning of the damaged premises. The maximum insurance indemnity for such costs shall be 10 (ten) % of the insurance indemnity amount. The total insurance indemnity for an insured event shall not exceed the insurance amount of the insurance object;

18.15.3. provable and reasonable costs incurred to the policyholder or the insured in connection with attraction of experts for determination of the cause and the value of the loss. The maximum insurance indemnity for such costs shall be 10 (ten) % of the insurance indemnity amount. The total insurance indemnity for an insured event shall not exceed the insurance amount of the damaged insurance object. The insurance company shall not indemnify for costs incurred in connection of performance of a repeated and/or additional expert evaluation;

18.15.4. provable and reasonable costs incurred in connection with access to the location of the loss or damage if the location is within the insurance object. The maximum insurance indemnity for such costs shall be 10 (ten) % of the insurance amount of the damaged real property. The total insurance indemnity for an insured event shall not exceed the insurance amount of the insurance object.

18.16. If the property is insured according to its restoration value, the insured or the policyholder shall have the right to get the part of the insurance indemnity that exceeds the real value of the insured property solely in the case if the insured or the policyholder has proved within 2 (two) years as of the date of occurrence of the insured event that this amount would be used in order to restore the building of the same type and the same designation in the same place where the previous building was located. If restoration of the building in the same place is impossible due to any legal or economical reasons, the building may be constructed in any other place within the territory of the Republic of Latvia.

18.17. The insured or the policyholder shall retain his/her right to the damaged and remaining property or property which is fit for further use upon condition that this residual value of the property is deducted from the insurance indemnity to be paid out.

18.18. If the policyholder or the insured gets back the destroyed property for which the insurance indemnity has been paid in full, the policyholder or the insured shall be obliged to return the insurance indemnity received back to the insurer within 30 (thirty) days after the date when the property was got back.

## 19. REPAIR WORKS

19.1. The insurance shall be in effect also during repair works in the object, provided that such works have been agreed with and approved by appropriate authorities and are carried out in accordance with the existing laws of the Republic of Latvia, and provided that the works have been presented in written to the insurer for his approval and that the insurer has accepted the works.

19.2. The insurance cover shall not be in effect as to losses caused to the interior finish of the building and occurred due to and/or connected with the on-going repair works including removal and/or demolition and/or repair of bearing constructions.

19.3. If in the course of any activities any requirements set out in the design and/or construction standards and/or other legal enactments have been violated or are not met, the insurance indemnity shall not be paid.

19.4. In the event if a loss or damage has occurred due to the on-going repair works, the deductible shall be not less than LVL 500 (five hundred) in each case.

19.5. In the event if a loss or damage has occurred in the result of hot works (welding, operation of a dryer, blowtorch etc.), the deductible shall be 50 (fifty) 5 of the loss amount, however, not less than LVL 500 (five hundred) in each case.