

ELECTRONIC RISK INSURANCE TERMS AND CONDITIONS FOR PRIVATE INDIVIDUALS

This is an English translation for information purposes only. In case of signing of an insurance contract only the insurance terms in Latvian are binding.

1. DEFINITIONS:

- 1.1. Insurance amount – the amount for which the subject of insurance is insured.
- 1.2. Insured – the person stated in the insurance contract who holds property rights to the subject of insurance or the subject is in legitimate possession of the Insured, the person in actual possession of the insurance policy and the holder of insurable interest.
- 1.3. Covered loss – the amount of loss calculated pursuant to the given terms and conditions, sustained as a result of an accident covered by the policy, before deductible.
- 1.4. Deductible – the amount or the percentage of the face amount or of the loss sustained, provided in the insurance policy and the insurance regulations, that is subtracted from the indemnity in each individual insurance case. Regardless of the number of the insured objects and their type, only one, the highest deductible applies in each insurance case.
- 1.5. Insured facility – the building, the part of a building or the territory that is considered the subject pursuant to the power supply contract the system service agreement.
- 1.6. Contract period – period of time, for which the insurance contract has been signed.
- 1.7. Insurance year – a period of twelve months specified within the framework of the contract period, which shall be accounted every year from the date of commencement of the contract period.
- 1.8. Over-insurance – insurance in an amount that exceeds the value of the insured object.
- 1.9. Under-insurance – insurance in an amount that does not cover the value of the insured object.
- 1.10. Insured object – equipment located within the insured facility that belongs to the Insured or is in legitimate possession of the Insured, and is powered by electricity.
- 1.10. Power supply contract – contract signed with the power transmission system operator or a public dealer on the supply of electric power supply and provision of system services.
- 1.12. System service agreement – agreement concluded with an electric power transmission system operator on the transmission or distribution of electric power, which ensures electric power transmission from producers to users.
- 1.13. Electric power transmission system operator – licensed company that provides transmission or distribution of electric power, ensuring electric power transmission from producers to users.

2. INSURED RISK

- 2.1. Electronic risk – pursuant to the terms and conditions of the given insurance contract, the Insurer insures the insured object against immediate physical damage or destruction, as a result of which the subject of insurance must be repaired or replaced, in cases when the damage or destruction of the subject of insurance is caused by power outage (interruptions in power supply, brief power failure, unexpected drops and surges in voltage, overcurrent, and similar).

3. EXCEPTIONS

- 3.1. Insurance does not apply to losses as a result of:
 - 3.1.1. Wars, invasions, foreign aggression (with or without a declaration of war), riots, revolutions, rebellions, civil disorder, military dictatorship or overthrowing of power;
 - 3.1.2. Terrorism (as interpreted under the Criminal Law of Latvia). Any losses or damages sustained directly or indirectly from any measures to prevent losses or potential losses caused by terrorist activity are also not indemnified;
 - 3.1.3. Decisions taken by the state, local governments or the judiciary of the Republic of Latvia;
 - 3.1.4. Nuclear explosion, radiation or radioactive waste;
 - 3.1.5. Fires and explosions, even if caused by the insured risk;
 - 3.1.6. Thefts, robberies and vandalism;

- 3.1.7. Wrongful intent or gross negligence on the part of the insured or the policyholder, as well as spouses, relatives, brothers- and sisters-in-law, foster family members, guardians and wards of the insured or the policyholder, or persons with which the insured or the policyholder have a joint business with, or third persons who have been given the right to safeguard, run or manage the property;
- 3.1.8. Inappropriate use of the insured object or as a result of long-term destructive processes (wear and tear, pitting, erosion, corrosion, oxidation, development of scale deposits, and similar);
- 3.1.9. Aversion of faults in the work of the insurance object, except when such faults are caused as a result of the insured risks;
- 3.1.10. Maintenance of the insurance object, including parts replaced during maintenance;
- 3.1.11. Damage to road and maritime vehicles and aircraft;
- 3.1.12. Damage to software programs, any kinds of data and databases;
- 3.1.13. Damage to any kinds of fuses and other equipment meant to provide protection from overcurrent;
- 3.1.14. Fluctuations in voltage volume if the deviation does not exceed 5 % of the volume set in the agreement with the power supply contract or the system service agreement;
- 3.1.15. The insured exceeding the current or permissible load volume for the terminal protection apparatus provided for in the power supply contract or the system service agreement;
- 3.2. According to the terms and conditions of the given insurance contract, civil liability of the insured is not insured, lost profits are not compensated, as well as losses due to failure to observe contractual obligations, contractual penalties and other such losses, even if they are caused by the insured risk.

4. OBLIGATIONS OF POLICYHOLDER AND THE INSURED

- 4.1. The policyholder and the insured must observe the laws and regulations of the Republic of Latvia, the building standards, the regulations on technical operation of the equipment, work safety and fire safety regulations.
- 4.2. As long as the insurance contract is in force, the policyholder and the insured must inform the insurer in writing about all the circumstances that they know of that may increase the probability of the insured risk.
- 4.3. In case the insured risk occurs, the insured must promptly notify the electric power transmission system operator thereof.
- 4.4. Within 2 (two) days from the insured risk occurrence, or as soon as possible, the insured must inform the insurer, by telephone or in writing, about the occurrence of the insured risk or any other event that may be deemed an occurrence of the insured risk, and take all the necessary and relevant measures to reduce the amount of loss, as well as arrange with the insurer the time for inspection of the place where the insured risk occurred.
- 4.5. After the occurrence of the insured risk and until the inspection of damage to the insured object by the insurer, no repairs to the insured object are permitted, neither the insured object nor the parts thereof may be moved, removed or renewed without the insurer's written consent. Only emergency measures are permitted with the aim to prevent further loss or avert accidents.
- 4.6. After handing in the insurance claim, the insured must make it possible for representatives of the insurer or experts assigned by the insurer to inspect the place where the insured risk occurred, and the insured object itself, as well as make it possible for the insurer to carry out an investigation to establish the cause of the loss and the amount thereof.
- 4.7. After the inspection of the place where the insured risk occurred, a representative of the insurer drafts a report on the losses established, and issues instructions which the insured and the policyholder must observe.

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4.8. If the insurer fails to carry out the inspection within 3 (three) workdays after receiving the insurance claim and does not offer any reasons for this nor how long the inspection should be awaited, the insured has the right to begin the repair and renewal jobs.

4.9. The insured has the obligation to prove the fact of the loss and the amount thereof, as well as to submit all information and relevant documents that are requested by the insurer.

4.10. On the insurer's request, the insured has the obligation to present a list of insured objects that have been damaged or destroyed. The list must provide information on the value and the state of the insured objects before the occurrence of the insurance case.

4.11. The insurer takes a decision on the payment of refusal to pay the indemnification within 15 (fifteen) days from receiving all the necessary documents, including documents requested by the insurer.

4.12. If administrative violation proceedings or criminal proceedings have been started against the policyholder or the insured over the damage or destruction of the insured object, the insurer will only take the decision on the payment of the indemnification after the proceedings are completed or the court ruling or the decision on dismissal of the criminal case come into force, and the relevant documents are submitted to the insurer.

4.13. The insurer has the right to not pay the indemnification if the insured:

4.14. Has misinformed the insurer, either with malicious intent or due to gross negligence, about the circumstances of the insurance case and about the amount of the losses;

4.15. Has not produced the remains of the damaged objects – except in case a given object has been completely destroyed;

4.16. The policyholder or the insured have not observed some of the preconditions provided for in the insurance contract on schedule, in which case the policyholder or the insured will have to prove that observing a given obligation was impossible within the terms provided for in the insurance contract.

5. CALCULATION OF INDEMNIFICATION

5.1. Establishing the amount of indemnification in case of damage to the insured object:

5.1.1. The indemnification is calculated in accordance with the estimated cost of repairs to (renovation of) the insured object, i.e., the cost of returning the object to such state as that before the occurrence of the insurance risk, minus the deductible.

5.1.2. If the estimated repair cost is larger or equal to the value of the insured object immediately before the insurance case, the indemnification is the same as in the case of destruction of the object;

5.2. Establishing the amount of indemnification in case of destruction of the insured object:

5.2.1. The loss is calculated:

5.2.1.1. Equal to the cost of purchasing a new equivalent object if immediately before the insurance case the insurance object was up to 3 years old. The purchase value is equal to the smallest cost of buying the same new insurance object of equivalent quality;

5.2.1.2. According to the actual value of the insured object, if immediately before the insurance case the insurance object was over 3 years old. In establishing the actual value of the insured object, the insurer deducts the cost of depreciation of 10 % per year from the insured object's purchase value. Depreciation of any insured object may not exceed 70 %, provided that the object is in running order and used on a regular basis.

5.2.2. The amount of indemnification is calculated:

5.2.2.1. By subtracting the value of usable remains and the deductible from the amount of the established loss if the usable remains continue to remain property of the insured;

5.2.2.2. By subtracting the deductible from the amount of the established loss if, on the insurer's request and with consent of the insured, the usable remains are handed over to the insurer.

5.3. The insurer has the right to replace the indemnification for a destroyed insured object with an equivalent object, provided an equivalent new object is purchased to replace an object up to 3 years old.

5.4. Under the given terms and conditions, under-insurance is not applicable, however, indemnification cannot exceed the insurance amount indicated in the insurance policy.

5.5. In the event of over-insurance, the indemnification cannot exceed the actual amount of the loss and the value of the insured object.

5.6. The insured has to choose one of the indemnification types provided below, notifying the insurer thereof within 15 (fifteen) calendar days from handing in the insurance claim:

5.6.1. The repair (renovation) or replacement cost is paid directly to a company confirmed by the insurer. In this case, the insured must pay the insurer the deductible indicated in the insurance policy before the insurer indemnifies the loss. If the insured does not wish to pay this amount, the cost of repair (renovation) or replacement is reduced by the amount equal to the deductible;

5.6.2. The indemnification is paid to the insured in cash. In this case, the amount of the indemnification does not include value-added tax, except cases where an insured object is completely destroyed.

5.6.3. If the insured submits documents that confirm the cost of repairs, value-added tax is compensated as the indemnification is paid to the insured.

5.7. The insurer has the right to withhold the unpaid premium amount for the entire insurance year from the indemnification amount.

5.8. If the insured fails to observe the term provided in Article 5.6., the insurer will have the right to unilaterally choose any of the indemnification types provided for in Article 5.6.

5.9. The amount of indemnification may not exceed the insurance amount for the insured object. After the payment of the indemnification, the insurance amount for the remaining insurance year is reduced by the amount of the indemnification.