

# GENERAL TERMS AND CONDITIONS OF THE INSURANCE CONTRACT

This is the English translation of insurance terms and conditions and can be used for informational purposes only. In case of conclusion of insurance contract only insurance terms and conditions in Latvian are binding.



## 1. TERMS USED IN THE INSURANCE CONTRACT

- 1.1. Insurer – Insurance Joint Stock Company BALTA, unified registration number 40003049409, registered office address: Raunas iela 10, Riga, LV-1039.
- 1.2. Policyholder – a legal entity or private individual who enters into an insurance contract for the benefit of himself or herself or of another person.
- 1.3. Insurance contract – the agreement between the insurer and the policyholder under which the policyholder undertakes to pay the insurance premium in the manner, in terms and in the amount specified in the contract, as well as to fulfil other obligations specified in the contract and the insurer undertakes to pay the insurance indemnity in accordance with the insurance contract upon the occurrence of the insurable event, as well as to fulfil other contractual obligations.
- 1.4. Remote insurance contract – the insurance contract, concluded by the insurer and the policyholder not located in the same place but by using one or more means of distance communication during the conclusion of the contract. The confirmation of the conclusion of the remote insurance contract is the insurance policy in the form of an electronic printout
- 1.5. Insurance policy or policy – a written document or an electronic printout that confirms the conclusion of an insurance contract. One insurance policy may confirm the conclusion of several insurance contracts. Expiry or annulment of one insurance contract does not affect validity of other individual insurance contracts contained in the same policy.
- 1.6. Insurable Event – an event connected to the insured risk, whose future occurrence is covered under the insurance policy, in compliance with the terms and conditions of the insurance contract.
- 1.7. Insurance premium – the cost of the insurance specified in the insurance contract.
- 1.8. Insured risk – an event stipulated in the insurance contract, which is possible in the future and beyond the control of the policyholder.
- 1.9. Insurable interest – an interest in not incurring losses or damages to an insured object, when an insured event occurs.
- 1.10. Insurance indemnity – the amount of money paid in compensation for the insurable event or the cost of the provided services. Insurance indemnity is paid on the basis of the compensation principle, unless otherwise specified in the special insurance regulations or in the policy.
- 1.11. Insurance contract period – the period of time for which the insurance premium is paid under the insurance contract and in which the insurance is valid.
- 1.12. General terms and conditions of the insurance contract – the terms and conditions that form the basis of the insurance contract.
- 1.13. Special terms and conditions of the insurance contract – special terms and conditions of the insurance contract, which are designated and numbered in the policy and form an interegral part of the insurance contract.

## 2. STRUCTURE OF THE INSURANCE CONTRACT

- 2.1. The insurance contract consists of the insurance policy, these general terms and conditions, special terms and conditions (the

designation and number of which is specified in the insurance policy), annexes to the insurance policy and all amendments to the insurance contract which the insurer and the policyholder have agreed upon.

- 2.2. General terms and conditions of the insurance contract denote general terms and conditions of the insurance contract, the insurance contract conclusion and validity procedure, insurance premium payment procedure, legal consequences in the event of failure to pay the insurance premium, missing the payment deadline or paying an incomplete amount thereof, general obligations of the policyholder and the insured and legal consequences in the event of failure to fulfil these obligations, rights of the policyholder and the insured, procedure for early termination of the insurance contract, dispute settlement procedures, and other general terms and conditions.
- 2.3. Special terms and conditions of the insurance contract denote special terms and conditions of the insurance contract, insurance objects, insured risks, exceptions to the insured risks, liability of the insurer, special obligations of the policyholder and the insured and legal consequences of the failure to fulfil these obligations, the insurance claim submission procedure and the documents to be submitted to the insurer and the determination of the insurance indemnity amount and payment procedure thereof.
- 2.4. The following are specified in the insurance policy: place and date of the insurance contract conclusion, validity period of the insurance contract, the policyholder and the insured, the insurance premium and the payment term or terms thereof, if it is paid in several instalments, the insurance object, the sum insured or the liability limit in civil liability insurance, the list of insured risks, the deductible, and other terms and conditions of the insurance contract depending on the insurance type.
- 2.5. In the event of contradictions between the terms and conditions specified in the insurance policy and general or special terms and conditions of the insurance contract, the terms and conditions specified in the insurance policy shall be considered correct. If the general terms and conditions of the insurance contract are contrary to the special terms and conditions of the insurance contract, the special terms and conditions of the insurance contract shall be considered correct.

## 3. VALIDITY PERIOD OF THE INSURANCE CONTRACT AND THE VALIDITY THEREOF

- 3.1. The insurance contract validity period is one year, unless stipulated otherwise in the policy. The validity period of the insurance contract, the date of taking effect and the expiry date are specified in the policy.
- 3.2. The insurance contract is valid for the validity period indicated in the insurance policy.
- 3.3. The insurance contract takes effect on the day the insurance premium or the first part thereof is paid, unless stipulated otherwise in the insurance policy.
- 3.4. If it is stipulated in the insurance policy that the insurance premium or the first part thereof is to be paid after the insurance contract takes effect, the insurance contract takes effect from the date specified therein, provided that the insurance premium

or the first part thereof is paid in the terms specified in the insurance policy.

#### **4. TERRITORY OF VALIDITY FOR THE INSURANCE CONTRACT**

4.1. The territory of validity for the insurance contract is specified in the insurance policy and/or the special terms and conditions of the insurance contract.

#### **5. CONCLUSION OF THE INSURANCE CONTRACT**

5.1. The insurance contract can be concluded in person or remotely. If the contract is concluded remotely, it constitutes a remote insurance policy.

5.2. The insurer is entitled to offer the policyholder a new insurance contract by sending the policyholder a written insurance proposal, together with an invoice for payment of the insurance premium or a part thereof. If the insurer offers to sign a new insurance contract under terms and conditions that do not differ from the terms and conditions of a the valid insurance contract for another insurance object, the insurance contract terms and conditions will not be enclosed.

5.3. If the policyholder pays the invoice referred to in Clause 4 of this section of the contract in due time:

5.3.1. the payment of the invoice issued by the insurer is considered the policyholder's agreement to conclude a new insurance contract, without additional terms and conditions, in accordance with the insurer's proposal;

5.3.2. the written insurance proposal submitted to the policyholder is considered an insurance policy and insurance object policy/policies, and confirmation of the conclusion of the new insurance contract;

5.3.3. the payment of the invoice issued by the insurer is considered the policyholder's confirmation that all information provided in the insurance application and the insurance policy is accurate;

5.3.4. the new insurance contract takes effect on the date specified in the written insurance proposal;

5.3.5. in addition to the obligatory parts specified in the new insurance policy, the policyholder's written application to conclude the new insurance contract also becomes an obligatory part of the new insurance contract. The policyholder is obliged to notify the insurer in writing of any changes to the insurance application.

5.4. The invoice referred to in Clause 5.2 of these terms and conditions is considered paid on the day the insurer receives the amount specified in the invoice, either in cash or in the designated bank account.

5.5. If the policyholder fails to pay the invoice referred to in Clause 5.2 of these terms and conditions by the date specified therein, the insurer's proposal becomes invalid on the next day following the payment date.

#### **6. INSURANCE PREMIUM PAYMENT PROCEDURE**

6.1. The policyholder is obliged to pay the insurance premium to the insurer in the terms specified in the insurance policy.

6.2. If the insurer does not receive the insurance premium (when the insurance premium is to be paid in one instalment) or the first part thereof (when the insurance premium is to be paid in several instalments) in the form specified in the insurance policy, the insurance contract does not take effect, in accordance with Clauses 6.3–6.5.

6.3. If the insurance premium or the first part thereof is paid after the payment date specified in the insurance policy, the insurer is entitled to pay back the paid insurance premium, or the first part thereof. In such an event the insurer is obliged to pay back the

paid insurance premium, or the first part thereof, within 15 days of receiving the insurance premium, or the first part thereof, or send the policyholder a request to notify the insurer of a method of paying back the insurance premium or the first part thereof.

6.4. If the insurer fails to pay back the insurance premium or the first part thereof in the form referred to in Clause 6.3 of these terms and conditions, or fails to send the policyholder the request referred to in Clause 6.3 of these terms and conditions, the insurance contract takes effect on the original date specified in the insurance policy.

6.5. If the insured risk has occurred and the insurance premium or the first part thereof has been paid after the payment date of the premium or payment of the first part thereof specified in the insurance contract and later than on the previous day before the occurrence of the insured risk, the insurance contract shall be deemed not to have entered into force, and the insurer is obliged to notify the policyholder on the invalidity of this contract and the repayment of the insurance premium paid or the first part thereof. In this case, the insurer is obliged to send to the policyholder the statement regarding the invalidity of the insurance contract and to repay the insurance premium or the first part thereof paid to it within 15 days after the delayed payment of the premium or the first part thereof, or to send to the policyholder the notice on the invalidity of the insurance contract, by asking to notify on the form in which the policyholder would like to receive repayment of the insurance premium or the first part thereof if the insurer does not know the way in which the policyholder can receive repayment of the insurance premium or the first part thereof. The insurer's obligation to repay insurance premium does not affect the invalidity of the insurance contract..

6.6. If the policyholder has not paid the current part of the insurance premium or has paid it incompletely, the insurer shall send the policyholder the notice about the delay in payment of the insurance premium by inviting to pay the delayed insurance premium in accordance with the terms of the insurance contract and indicating the term of payment of the insurance premium and the possible consequences of non-payment..

6.7. If the insurable event occurs in the period of payment of the current part of the insurance premium specified in the notice, the insurer shall pay the insurance indemnity if the current part of the insurance premium has been paid within the payment term and amount specified in the notice.

6.8. If the policyholder fails to pay the current part of the insurance premium in the payment date and amount specified in the notice, the insurance contract shall be considered as terminated as of the first day after the payment term of the current part of the insurance premium specified in the insurance contract.

6.9. If the insurance premium is paid by transfer, the payment date is considered the date the insurer receives the payment in the account specified by the insurer.

#### **7. GENERAL OBLIGATIONS AND RIGHTS OF THE POLICYHOLDER AND THE INSURED**

7.1. By signing the insurance contract, the policyholder and the insured are obliged:

7.1.1. prior to signing the insurance contract, to provide the insurer with all requested information that is required for risk assessment, and to ensure that the insurer, or a person assigned in the insurer's place, has the ability to inspect the insurance object; in the case of civil liability insurance – to carry out inspection in regard to the insured commercial activities performed, in terms of the special terms and conditions of the insurance contract, professional activity or managed property for risk assessment; the policyholder and the insured are

- responsible for the accuracy of the information provided to the insurer;
- 7.1.2. to inform the insurer of all factors that affect the probability of the occurrence of the insured risk; if the policyholder has doubts about a factor, the policyholder is obliged to consult with the insurer;
  - 7.1.3. the policyholder is obliged to inform a person insured under this policy that he or she is insured, and to inform him or her of the terms and conditions of this insurance contract;
  - 7.1.4. from the moment of submitting the insurance application to the insurer, until entering into this insurance contract, to not take any measures that increase the insured risk;
  - 7.1.5. the policyholder and the insured also have other obligations related to the conclusion of the insurance contract that are stipulated in the general terms and conditions of this insurance contract, special terms and conditions of the insurance contract, other annexes to the insurance contract, and public regulatory enactments effective in the Republic of Latvia.
- 7.2. Obligations of the policyholder and the insured during the validity period of the insurance contract:
- 7.2.1. to notify the insurer in writing of all circumstances known to the policyholder and the insured that could increase the probability of the occurrence of insured risks or the amount of potential losses;
  - 7.2.2. to immediately inform the insurer of any changes related to the insurance contract;
  - 7.2.3. to comply with and/or fulfil the insurer's instructions to minimise the probability of the risk occurrence, as agreed upon in writing by the insurer and the policyholder;
  - 7.2.4. to notify the insurer of other valid insurance contracts for the same insurance object entered into during the validity period, no later than within 3 (three) calendar days from the day the policyholder or the insured learns of the conclusion of another insurance contract;
  - 7.2.5. to notify the insurer in writing of the absence of the insured interest no later than within 1 (one) calendar month after the insured interest ceases;
  - 7.2.6. to not take any measures that increase the insured risk, without written agreement of the insurer;
  - 7.2.7. to notify the insurer in writing of the changes in the address and contact details no later than within 5 (five) business days;
  - 7.2.8. during the validity period of the insurance contract, the policyholder and the insured also have other obligations that are stipulated in the general terms and conditions of this insurance contract, special terms and conditions of the insurance contract, other annexes to the insurance contract and public regulatory enactments effective in the Republic of Latvia.
- 7.3. Obligations of the policyholder and the insured upon occurrence of the insured risk:
- 7.3.1. to immediately, as soon as possible, notify the insurer of any occurrence of an insured risk, and to take all measurable reasons to minimise the loss;
  - 7.3.2. to submit the insurance claim and provide accurate information about the insurable event; the insurance claim may be submitted in writing or any other way specified by the insurer, including, but not only, by calling the telephone number specified by the insurer, or by filling out and submitting the insurance claim form on the insurer's website or at any insurer's branch by filling out a written insurance claim form.
- 7.3.3. The insured is obliged to pay back the received insurance indemnity or the part thereof to the insurer:
    - 7.3.3.1. if after paying out the insurance indemnity, the facts are established confirming that the paid out insurance indemnity, or any part thereof, was not justified, or the indemnity disbursement does not comply with the terms and conditions of the insurance contract or requirements of the regulatory enactments;
    - 7.3.3.2. if the policyholder or the insured provide the insurer with false information about the insured object or the circumstances of the occurrence of the insured risk, due to malicious intent or gross negligence.
- 7.4. Consequences of failure to fulfil the obligations:
- 7.4.1. The insurer is entitled to not pay out the insurance indemnity, if the insured or the policyholder fails to fulfil any of the obligations set forth in this insurance contract due to malicious intent or gross negligence.
  - 7.4.2. The insurer is entitled to reduce the insurance indemnity up to 50%, if the insured or the policyholder fails to fulfil any of the obligations set forth in this insurance contract due to mild negligence.
- 7.5. Rights of the policyholder and the insured:
- 7.5.1. The policyholder is entitled:
    - 7.5.1.1. to receive clarifications from the insurer about this business when entering into the insurance contract;
    - 7.5.1.2. to request and receive a copy of the policy from the insurer, if the original policy is lost or destroyed;
    - 7.5.1.3. after submitting the insurance claim, to receive a written notification from the insurer on the decision made, in accordance with the procedure described in the insurance contract.
  - 7.5.2. The policyholder and the insured also have other rights that are stipulated in the general terms and conditions of this insurance contract, the special terms and conditions of the insurance contract, other annexes to the insurance contract, and public regulatory enactments effective in the Republic of Latvia.

## **8. EARLY TERMINATION OF THE INSURANCE CONTRACT**

- 8.1. The insurer is entitled to terminate the insurance contract in the following events:
- 8.1.1. the policyholder and/or the insured provides false information or refuses to provide the information requested by the insurer when concluding the insurance contract, during its validity period or after the occurrence of the insured risk including when submitting the insurance claim due to malicious intent or gross negligence;
  - 8.1.2. the insured and/or the policyholder carries out the activities or fails to act due to malicious intent or gross negligence which increases the insured risk;
  - 8.1.3. after the disbursement of the insurance indemnity;
  - 8.1.4. the insurance premium is not paid to the full extent;
  - 8.1.5. if sanctions, established by a member state of the United Nations, European Union, North Atlantic Treaty Organization (including the United States of America) or the Republic of Latvia, in accordance with the procedure prescribed by the regulatory enactments, are applied against the policyholder and/or the insured and/or beneficiary.
  - 8.1.6. in other events prescribed by the regulatory enactments effective in the Republic of Latvia.

- 8.2. The insurance contract is terminated by sending the policyholder a notification, unless another insurance contract termination procedure is prescribed by the regulatory enactments of the Republic of Latvia. The insurance contract is terminated 15 (fifteen) days after sending the notification.
- 8.3. The insurance contract may be also terminated prior to its expiry, upon agreement of the policyholder and the insurer.
- 8.4. Upon termination of the insurance contract, the insurer shall repay to the policyholder a part of the insurance premium, the amount of which is determined by deducting the part of the insurance premium for the duration of the insurance contract when the insurance contract was valid and the insurer's expenses in the amount of 15 percent from the remaining insurance premium, but not more than from one year insurance premium, and deducting the amount of insurance indemnity paid. However, the insurance premium will not be repaid if the policyholder or the insured person has committed or acted in bad faith or has committed gross negligence, which increases the risk of occurrence of the insured risk, or the insured risk arises due to the bad intention of the policyholder or the insurer, as well as the premium will not be repaid in the other cases specified in the regulatory enactments of the Republic of Latvia.
- 8.5. Upon agreement of the insurer and the policyholder, the part of the insurance premium to be repaid may be transferred for the payment of another insurance policy. In such a case, when calculating the part of the insurance premium in accordance with the terms and conditions of this Article, the insurer's expenses related to the conclusion of the insurance policy are not deducted, provided that no insurance indemnity has been paid out during the validity period of the insurance contract.
- 8.6. If the insurance contract is an initial contract regarding the provision of financial services between the insurer and the policyholder, and it is a remote insurance contract, the policyholder is entitled to use the right of refusal and withdraw from this insurance contract within 14 (fourteen) days of the conclusion of this insurance contract, by giving the insurer a written notice taking into account the term of refusal referred to in this Clause. This deadline is considered missed and the insurance contract remains in effect if the insurer does not receive the policyholder's written refusal by the 14th (fourteenth) calendar day following the conclusion of the insurance contract. The right of refusal cannot be used for travel insurance contracts or similar short-term insurance contracts with a validity term of less than one month.
- 8.7. If the policyholder uses the right of refusal to unilaterally withdraw from the insurance contract in accordance with the terms and conditions of Clause 8.6 of these terms and conditions;
- 8.7.1. the full insurance contract becomes invalid for the full insurance object on the day the policyholder's notification of the refusal is sent;
- 8.7.2. the insurer pays the policyholder a part of the insurance premium, calculated in proportion to the actual validity period of the insurance contract and the validity period of the insurance contract specified in the insurance contract.
- 8.8. The policyholder is not entitled to use the right of refusal referred to in clause 8.6 of these terms and conditions, if the insurance contract is executed to the full extent upon clear request of the policyholder or the insured before the policyholder uses the right of refusal.
- 9. OTHER TERMS AND CONDITIONS**
- 9.1. If a criminal procedure or administrative procedure is initiated or an administrative sanction has been initiated in relation with the event occurred and the clarification of the circumstances in the criminal procedure, administrative procedure or administrative sanction procedure are relevant for the decision of the insurer, the insurer shall take a decision on the payment of insurance indemnity within 30 days from the day when the final judgment was received. The insurer shall inform the policyholder, the insured person, the beneficiary or a third party accordingly on such decision-making procedure.
- 9.2. By paying out the insurance indemnity, the insurer takes over the claim rights of the insured against the party responsible for the caused losses in the amount of the paid insurance indemnity.
- 9.3. The insurer does not have the right of subrogation against children, parents or spouse of the insured. However, the insurer has the right of subrogation against any person if the losses have caused by malicious intent or gross negligence of this person.
- 9.4. The insurer will examine complaints of the policyholder, the insured or other person, and will give a reply within 20 days of receiving the complaint or claim. If the reply cannot be provided within the specified period due to objective reasons, the insurer shall provide information on the need for the extension and indicate a reasonable term when the reply will be provided.
- 9.5. The insurer shall not be deemed to provide cover and the Insurer shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that the Insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union or United States of America.
- 9.6. Unless the insurance contract states otherwise, the Insurer shall not pay the insurance indemnity if the occurrence of the insured risk has been caused by force majeure circumstances, including, but not limited to: natural disasters and calamities, pandemic, epidemic, strikes, amendments and supplements to the binding legal acts or the adoption and/or coming into force of any new such legal acts, including an emergency state announced in accordance with the procedure prescribed by the regulatory enactments.
- 9.7. The insurer, as data controller, shall process personal data (including personal data of special categories and personal identification (classification) codes) with the aim to ensure the execution of the insurance contract and the observance of the legitimate interests of the insurer or a third party. More details on the processing of personal data can be found on the insurer's website [www.balta.lv](http://www.balta.lv) in the section on data processing, at the insurer's customer service centres or by writing to the email address [manidati@balta.lv](mailto:manidati@balta.lv).
- 9.8. Activities of the insurer are supervised by the Bank of Latvia (Kr.Valdemāra iela 2A, Rīga, LV-1050, Latvia).
- 9.9. The policyholder must submit all notification and submission related to the insurance contract in a form and method where the insurer is able identify the submitter of the notification or the submission.
- 9.10. The insurer will submit all notifications and information to the policyholder or the insured by sending them to the last known mailing address specified by the policyholder or the insured. All notifications are considered received on the 5th (fifth) day after submitting the material at the post office also in the event if the policyholder or the insured have changed their address without notifying the insurer on it. If the policyholder or the insured informs the insurer of the changes in e-mail address and telephone number, the insurer is entitled to send notifications to the e-mail address and telephone number specified by the policyholder. The policyholder and the insured are notified herein that e-mail not always is considered a safe way of exchange of information, and agrees to not bring any objections towards the insurer in relation to the delivery of information (including data and other confidential information of the policyholder or the

insured) by e-mail. The policyholder, the insured or other person entitled to claim insurance indemnification, by informing the insurer, can choose to receive notices and information in writing.

- 9.11. During the validity period of the insurance contract, the insurer will communicate with the insured and the policyholder in Latvian, and reply to all requests of the insured and the policyholder expressed in Latvian, English or Russian languages.
- 9.12. The relationships of the insurance contract are governed by regulatory enactments of the Republic of Latvia.
- 9.13. The individual – the policyholder, the insured or the third person is entitled to submit the complaint to the ombudsman of the Latvian Insurers Association. The procedure according to which the ombudsman of the Latvian Insurers Association examines the claims of the insurers' customers (regulation) can be found on website [www.laa.lv](http://www.laa.lv).
- 9.14. All disputes related to the insurance contract are settled by means of negotiations. If an agreement cannot be reached, the dispute will be resolved by court of the Republic of Latvia, pursuant to procedures prescribed by the regulatory enactments of the Republic of Latvia.