

IJSC BALTA INDIVIDUAL ALL-RISK PROPERTY INSURANCE CONTRACT TERMS AND CONDITIONS NO. 1202.206

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. Terms Used in the Insurance Contract

- 1.1. **Insured** – The person specified in the insurance policy who has the property rights to the insurance object, in favour of whom the insurance contract is signed, and who has the insurable interest.
- 1.2. **Sum Insured** – The amount of money for which the insurance object is insured.
- 1.3. **Indemnity Limit** – The maximum total annual insurance indemnity amount to be paid out during the insurance period to indemnify certain losses. Unless otherwise stipulated in the insurance contract, the indemnity limit is included in the sum insured of the insurance contract. The under-insurance terms and conditions do not apply when an indemnity limit is determined.
- 1.4. **Indemnified Losses** – The losses calculated in accordance with these Terms and Conditions that are the direct result of the occurred insured event before deducting the deductible.
- 1.5. **Insurance Object** – Real property (except land) and/or moveable property (belongings) specified in the insurance policy and annexes thereto.
- 1.6. **Insurance Place** – The building, structure, space and/or territory specified in the insurance policy where the insurance object is located according to the address specified in the policy.
- 1.7. **Contract Period** – The period of time, for which the insurance contract has been signed.
- 1.8. **Insurance Year** – 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.
- 1.9. **Insured Risk** – A sudden and unforeseen event beyond the control of the insured which is possible in the future.
- 1.10. **Deductible** – The share of the sum insured or the loss amount specified in the insurance policy and the insurance terms and conditions as to be deducted from the insurance indemnity when calculating the insurance indemnity for each insured event.
- 1.11. **Related Person** – Any family members of the insured or the policyholder, any persons having a common household with the insured or the policyholder, or any persons who have entered into a lease, rent, lending, pledge or any other kind of contract that grants the right to use the insured property, or a possession contract, with the insured or the policyholder. Related persons also include any persons who have reached an agreement with the policyholder or the insured regarding the performance of any work and/or provision of any services within the insured object (babysitters, builders, cleaners, etc.). Family members of the insured or the policyholder shall include: the spouse, relatives and in-laws, including relatives up to the third degree and in-laws up to the second degree, foster family members, guardians and individuals under the care of a guardian.
- 1.12. **Third Party** – Any natural person or legal entity apart from the policyholder, the insured or any related persons.
- 1.13. **Under-insurance** – The case when the sum insured is lower than the value of the insurance object.
- 1.14. **Over-insurance** – The case when the sum insured is higher than the value of the insurance object.
- 1.15. **Inhabited Property** – A residential building or an apartment which has all the required outer enclosing structures (including roof, ceilings, windows, doors), an operating and connected fixed heating system and electrical installations, and is not left without personal physical supervision for more than 30 (thirty) consecutive days, as well as the auxiliary structures available at the address of the residential building or the apartment. The physical supervision is implemented by the Insured or their authorised person visually inspecting the object from the outside and inside (premises, doors, windows, pipes, etc.) in order to make sure the object is not damaged and there are no circumstances that could increase the probability of the occurrence of the insured risk.
- 1.16. **Fire Risk** – Unexpected and uncontrolled burning with open flame that started from any place not meant or meant for fire and continued spreading further, including exposure to the smoke or soot from the fire or any fire extinguishing products (water, foam, etc.)
- 1.17. For the purposes of this insurance contract, **third party malicious activity** risk is:
 - 1.17.1. **Burglary** – Intentional, illegal stealing of other person's property by illegally entering the insured real property or the real property where the insured belongings are located. It is considered that illegal entry has taken place if a person has used adapted keys, lock pickers or other accessories for lock picking or elimination of barriers and illegally entered the locked real property – building, premises or territory – through windows, doors, walls, roof, etc.
 - 1.17.2. **Robbery** – An attack on the Insured or their related persons which involves violence or threat of violence and is dangerous for life or health, for the purpose of stealing the insured property
 - 1.17.3. **Malicious damage** – Intentional destruction or damage of the insured property (under the provisions of Article 185 of the Criminal Law).
- 1.18. **Damage Risk** – Sudden and unexpected physical damage case, during which the screen or body of the mobile phone or tablet becomes damaged. Damage Risk can be insured following the procedure established in Paragraph 6.1.10 only. Damage Risk is valid in the entire territory of the Republic of Latvia.

2. Insurance Object

- 2.1. The following real property can be insured under this insurance contract:
 - 2.1.1. **Building, subsidiary building.** In such a case, the separately standing buildings, subsidiary buildings, constructive basic elements, interior and exterior finishing, building sheds (sunblinds), solar batteries and wind generators installed and fixed on the

buildings, utility systems (heating, gas, water supply, sewage, wiring, external piping, electricity lines, cables and installed air conditioning equipment and systems), plumbing, central heating furnaces, fireplaces, fire safety, antitheft alarm and security systems are insured, including the design costs.

2.1.2. **Interior finishing.** In such a case, the expenses for the repair works and materials of the apartments and/or premises are indemnified including ceiling, wall and floor finishing up to bearing constructions, windows and doors, utility systems (heating, gas water supply, sewage, wiring and built-in air conditioning equipment and systems, starting from the apartment and/or building connection or input confined by the wall, floor or ceiling), plumbing, heating furnaces, fireplaces, fire safety, anti-theft alarm and security systems.

2.1.3. **Apartment.** In such a case, the apartment with its constructive elements that are integral parts of the apartment (ceiling, walls, partition walls, floor), apartment windows, doors, door and wall glasses, interior and exterior finishing (external interior only for the apartment balconies, loggias or terraces), utility systems (heating, gas water supply, sewage, wiring and built-in air conditioning equipment and systems, starting from the apartment and/or building connection or input confined by the wall, floor or ceiling), plumbing, heating furnaces, fireplaces, fire safety, anti-theft alarm and security systems are insured.

2.2. The following moveable property can be insured under this insurance contract:

2.2.1. **House belongings** (hereinafter also referred to as the belongings) that are in the insurance object: in the building, apartment and/or enclosed territory are owned by the Insured or related persons or are legally possessed by them. Any property unit the value of which exceeds 5,000 EUR shall be specified in the insurance policy and, if such a property unit is not specified in the insurance policy, the maximum sum insured for this unit is 5,000 EUR.

3. Determination of the Sum Insured

3.1. The sum insured is determined by the Policyholder. The Policyholder assumes complete responsibility for the conformity of the sum insured with the value of the insurance object under Paragraphs 3.2-3.5 and their sub-paragraphs. If the sum insured does not correspond to the value of the insurance object, then the under-insurance or over-insurance terms and conditions are applied upon the occurrence of an insured event.

3.2. The sum insured for a **building** or a **subsidiary building** is determined based on:

3.2.1. **Restoration value** which is equal to the lowest restoration expenses to restore the insured real property in the quality and to the extent the real property was on the day of signing the insurance contract, if the real property depreciation is up to 40%

3.2.2. **Actual value** which is equal to the restoration value less the depreciation of the object. The actual value is applied when the property depreciation on the insurance conclusion day is 40% to 70%.

3.3. The sum insured for an **apartment** is determined based on:

3.3.1. **Restoration value** which is the lowest restoration expenses to restore the insured real property in the

quality and to the extent the real property was upon the signing of the insurance contract

3.3.2. **Replacement value (market value that can be applied when concluding the insurance contract if the restoration value is lower than the replacement value)** which is the market value of the real property calculated in accordance with the International Appraisal Standards approved by the Latvian Association of Property Appraisers. The International Appraisal Standards can be found on the website www.verdetaji.lv.

3.4. The sum insured for the **interior finishing of the premises** is determined based on its **restoration value** which is equal to the lowest restoration expenses to restore the premises in the event of damages in the quality and to the extent they were upon the signing of the insurance contract. The restoration value is applied when the interior finishing works were performed not more than ten years ago. If the interior finishing of the premises has been performed more than ten years ago, the interior finishing works are indemnified by deducting the depreciation in accordance with Paragraph 10.2.3.

3.5. The sum **insured** for the **belongings** is determined based on their **acquisition or restoration** value. Initial acquisition value or the minimum expenses required to restore the insured moveable property in the quality and to the extent it was upon the signing of the insurance contract.

4. Insured Risks

4.1. For the purposes of this policy, any event of sudden and unexpected physical damage to or loss of the insured property during the insurance period is insured, taking into account the exceptions set forth in these Terms and Conditions.

5. Additionally Indemnified Losses

5.1. **In addition** to the insurance objects and **sums insured specified** in the policy, the Insurer indemnifies the losses described in Paragraphs 5.2 – 5.4 of these Terms and Conditions if they are the consequences of the onset of the risks covered by the policy.

5.2. The Insurer indemnifies the losses referred to in Articles 5.2.1-5.2.6, if the damage is caused to the real property that has been insured:

5.2.1. **Expenses for the performance of rescue and cleaning works.** With regard to these losses, the maximum indemnity limit is 10% of the sum insured, but not more than EUR 70,000 for one insured event. Rescue and cleaning expenses are:

5.2.1.1. All announced and proved expenses of the Insured for immediate damage elimination, loss minimisation or rescue measures

5.2.1.2. All reasonable and proved fire extinguishing expenses that have reasonably incurred and are required to prevent the property loss or minimise the losses, except for payment for work and similar payments

5.2.1.3. Expenses for collection of the remains and the cleaning works as well as collection and destruction of the damaged insured property, dismantling of equipment, breaking or removal of any parts of the building or widening of any apertures

5.2.2. In cases when an apartment (the structural elements

- or the structural elements and the current repairs) or the aliquot parts of the building and **the common use premises or structures of the building** (roof, lifts, staircase, heating system, etc.) have suffered as result of the insured event, the insurance indemnity is also paid out for these losses based on the proportion the aliquot part of the insured apartment takes in the total area of the building as well as considering the potential under-insurance.
- 5.2.3. When an inhabited building is insured against the fire risk and the third-party malicious activity risk, the Insurer covers the losses related to the **loss of the greenery** within the fenced territory of the building due to the fire, theft or malicious damage, if restoration thereof in a natural way is not possible. Upon the occurrence of the fire risk, the losses are indemnified even if the territory has not been fenced. The indemnity limit for these losses is 5,000 EUR. The losses are not indemnified if, prior to the occurrence of the insurance event, the greenery was already dead, damaged or sick
- 5.2.4. The losses incurred due to the damages to the **territory improvements**, if the insurance object is a building and the territory improvements located on the land attached to the insured building in accordance with the land boundary plan. For the purposes of these Terms and Conditions, territory improvement means fixed structures permanently attached to the land and other than buildings, such as lighting equipment, sprinkler systems, flagpoles, benches, tables, children playing constructions, fencing, yard surfacing. The indemnity limit for these losses is 10% of the sum insured for the building, but not more than 5,000 EUR during the insurance year.
- 5.2.5. In the events when an inhabited residential building, a row house, an apartment (only when both the structural elements and the existing repairs have been insured) is damaged due to the insured event and the repairs for the elimination of the consequences of the insured event are necessary on at least 40% of the total area of the dwelling unit or on any of the sanitary premises, provided that they are the only ones in the dwelling unit and provided that the repairs are performed by a construction company, the Insurer indemnifies the expenses for the rent of an **equivalent dwelling unit** for the time of the repairs, **rental of a storage** for the belongings as well as the reasonable and duly evidenced expenses associated with **moving to the rented dwelling unit** and back to the insured object. Pursuant this Paragraph, the insurance indemnity is determined with the following limitations:
- 5.2.5.1. The amount of the expenses shall not exceed 450 EUR per month
- 5.2.5.2. The maximum period of 9 months shall not be exceeded in the event of fire, and the maximum period of 1 month shall not be exceeded for buildings and apartments in the event of liquid or steam leakage and damage caused by natural disasters
- 5.2.5.3. 10% of the sum insured shall not be exceeded
- 5.2.5.4. The indemnity is paid out for the rent of the dwelling unit, excluding the management and public utility payments (e.g., payments for gas, electricity, telephone, television, etc.)
- 5.2.5.5. The insurance indemnity is paid out if the Insured submits the rent agreement for the rent of the dwelling unit during the loss elimination period to the Insurer
- 5.2.6. The deductible specified in the policy is not deducted for the first-time **glass damage**. For every next glass damage, the deductible specified in the policy section "Building Insurance" is applied. For the purposes of this Paragraph, glass is all glass surfaces in the construction of the real property (windows, doors, glass walls, etc.).
- 5.3. The Insurer indemnifies the losses referred to in Articles 5.3.1 - 5.3.6 of these Terms and Conditions if the damage has been caused to the property which has been insured:
- 5.3.1. **Losses due to theft or robbery of the property** while the property was **outside the insurance place specified in the policy**, within the European Economic Area. The indemnity limit for these losses is 1,000 EUR during the insurance year. No losses are reimbursed if the property has been left outside locked premises without direct personal supervision. Bicycles outside locked premises are covered by the insurance if special locks have been used to attach them to a fixed structure, including any special vehicle-mounted bicycle racks. Other property outside locked premises is covered by the insurance only while being directly physically supervised by the person.
- 5.3.2. Losses incurred upon the **loss of firewood, briquettes, granules or hay** due to fire or theft within locked premises owned by the Insured or within closed premises possessed by the Insured, which occurred as a result of fire or theft risk. The indemnity limit for these losses is 700 EUR during the insurance year.
- 5.3.3. Losses incurred due to **overvoltage** during lightning. The indemnity limit for these losses is 500 EUR during the insurance year.
- 5.3.4. Losses incurred due to the damage or loss of **property taken for possession, use or storage** regarding the owner of which no note is made in the policy. The indemnity limit for these losses is 700 EUR during the insurance year. Losses are not indemnified if the property is outside the address specified in the policy.
- 5.3.5. Losses incurred due to the **reissuance or repair** of the personal **identification documents or the identification documents of the real property belonging to the Insured** or related persons thereof, as well as home keys, vehicle ignition **keys or alarm remotes upon the occurrence of the insured risk**. The indemnity limit for these losses is 500 EUR during the insurance year.
- 5.3.6. Losses incurred upon loss of garden furniture, garden sprinkler systems, trampoline, garden grill, portable pool, composting box, outside laundry dryer due to theft without signs of breaking in when this property is within the fenced territory of the inhabited building. The indemnity limit for these losses is 1,000 EUR during the insurance year.
- 5.4. The Insurer indemnifies the losses referred to in Paragraphs 5.4.1 and 5.4.2 of these Terms and Conditions if damage has been caused to the real property or the belongings which have been insured:
- 5.4.1. Losses caused to the insured object due to malicious

intent or gross negligence of tenants, provided that a written tenancy agreement has been signed between the owner of the real property and the tenant and, when signing such tenancy agreement, the damaged objects have been listed in the delivery and acceptance statement. Such losses are indemnified within the limits of the sum insured of the insurance object specified in the policy. The indemnity limit for these losses is 5,000 EUR during the insurance year.

- 5.4.2. Losses incurred by the Insured in association with the travelling expenses for their return from a trip with the indemnity limit of 1,000 EUR during the insurance year, if, upon the occurrence of the insured event in the real property, the real property cannot be locked to prevent entry of third persons into it or if there is a risk of further property damage. The travelling expenses for the return are indemnified if they have been previously agreed upon with the Insurer in writing and the Insured is outside the territory of Latvia on a short-term trip and his return to Latvia is planned later than within 3 days. A short-term trip is considered to be a trip that lasts at least 3 days, but not more than 15 days.

6. Limitations

- 6.1. Only when it is expressly specified in the insurance policy, the following objects are additionally insured:
- 6.1.1. Structures – pools, separately standing outhouses, protective walls that are not components of the buildings or structures, hydro-technical buildings, berths, piers, etc.
 - 6.1.2. Household premises related to the apartment, garage or underground parking lot
 - 6.1.3. Buildings, subsidiary building premises that are not inhabited all year
 - 6.1.4. Buildings, subsidiary buildings, apartments where the works are being performed (repair, renovation, construction works, etc.) that require construction permit in accordance with the regulatory enactments of the Republic of Latvia When insuring such objects against the damages having causal relation with the ongoing works, the deductible is 10% of the loss amount but no less than 430 EUR for each event, unless the higher deductible is specified in the insurance policy
 - 6.1.5. Buildings that are not put into operation, subsidiary buildings, parts thereof without a roof, windows or with unfinished works the performance of which requires the construction permit in accordance with the regulatory enactments of the Republic of Latvia
 - 6.1.6. Jewellery, items made of precious metals, precious stones, paintings, fur coats, icons, antique items (items made more than 70 years prior to the onset of the insured event), collections (collected items of the same type, such as postal stamps, coins, and other collected items of scientific, historic or artistic value)
 - 6.1.7. Registered weapons, provided that the regulatory enactments applicable to the storage of weapons have been respected. The insurance coverage for them is valid if they are located inside the insurance object in the context of Paragraph 2.1. of these Terms and Conditions
 - 6.1.8. Antennae and satellite receivers installed on apartment buildings
 - 6.1.9. Single axle trailers, land motor vehicles with the

engine of up to 50 cm³ as well as grass-mowing tractors and riders with capacity up to 20 kW whose only purpose intended by the manufacturer is mowing of grass. The indemnity for the vehicles referred to in this Clause is only paid out in the events when, upon the occurrence of the insured event, the vehicle is in closed premises at the insured address.

- 6.1.10. Mobile phone and tablet damage risk if the device brand, model and the unique identification code (the IMEI code for a mobile phone, the serial number for a tablet) are specified in the annex to the insurance policy and a photo of the mobile phone/tablet is attached to the insurance policy, which clearly shows the device in front view and full scope and where the screen of the device is visible, in addition the screen of the mobile phone shall show a clearly readable IMEI code, which may be opened in the phone dial by entering the combination *#06#.
- 6.2. If the items referred to in Paragraph 6.1.6 are insured in accordance with the insurance policy, the maximum sum insured of one such item or collection is 700 EUR. The Insurer and the Policyholder can agree upon a larger sum insured if the item acquisition document specifying the item or a certified expert's opinion of the actual value of the item is attached to the insurance contract.

7. Exceptions

- 7.1. Losses caused by the below are not indemnified:
- 7.1.1. War, invasion, foreign enemy operations (with or without declaration of war), rebellion, revolution, revolt, public disturbances, military or usurped authorities
 - 7.1.2. Terrorism (as defined in the Criminal Law of the Republic of Latvia) No losses or expenses directly or indirectly suffered due to any incurred or potential loss prevention measures related to terror acts are indemnified
 - 7.1.3. Decisions adopted by the State, municipal or judicial authorities of the Republic of Latvia
 - 7.1.4. Nuclear explosion, radiation or radioactive contamination
 - 7.1.5. Exposure to asbestos and its compounds
 - 7.1.6. Malicious intent or gross negligence of the Insured, Policyholder, related persons thereof or third parties to whom the property is transferred for use or possession
 - 7.1.7. Wear and tear of the insured property, vibration, corrosion, dry or damp rot, mould, fungi or bacteria, insects, birds or animals. However, damage caused to the rest of the insured object by leakage of fluid or steam are reimbursed if it has occurred due to the causes mentioned in this paragraph, and the losses caused by damage of glass by animals or birds are also reimbursed.
 - 7.1.8. Gradual sag, rising, expansion, moving of the insured property as well as soil erosion, sag or slide
 - 7.1.9. Short circuit or other electric phenomenon (overvoltage, incomplete insulation, short circuit in winding or through the body, short circuit with the ground, not functioning of measuring or safety devices, etc.) of any kind of electric or electronic equipment and their insulation materials that have not caused the occurrence of the fire risk, however, losses are indemnified in the events and amount referred to in Paragraph 5.3.3
 - 7.1.10. Systems or equipment due to the internal damage if it

- has not been caused by any external forces that have caused damage outside the particular facility or equipment
- 7.1.11. Insured belongings due to careless handling
 - 7.1.12. Expected flooding (if the insured property or its territory has already been flooded during the last five years)
 - 7.1.13. Raising groundwater and waste water level or overflow in waste water collection systems, roof drain-pipes or accumulation of condensate
 - 7.1.14. Precipitation or groundwater, hail, snow or mud penetrating into the real property through windows, doors, roof, cracks in the walls and other apertures if the aforementioned has not occurred due to fire, explosion, wind, hail, earthquake, malicious actions of third parties or collision with a land motor vehicle
 - 7.1.15. Rainwater or melting snow from the roofing of the building, cracks, joints, windows, doors, sheds, drain-pipes and other structures outside the building and the adjacent streets, pavements, squares and patios
 - 7.1.16. Leakage in the insurance object pipeline systems caused by the impact of water or other liquid
 - 7.1.17. Environmental pollution, littering and/or contamination
 - 7.1.18. Damage that has no impact on the functionality of the insurance object and does not negatively affect normal operation of the insurance object (e.g., scratches, stains etc.). However, such losses are indemnified if, within the same insured event, other damage which is reimbursed hereunder has occurred, as well as in case it has occurred due to the risk of malicious acts of third parties
 - 7.1.19. Unsafe-condition immovable property and the belonging/property in it. Immovable property or any part thereof is considered to be in unsafe condition if it wear and tear exceeds 70% or which has been acknowledged as unsafe, unsuitable for living or dangerous by a competent state or municipal authority
 - 7.1.20. Damage or loss of garden houses (with the total area up to 6 m²), temporary structures and greenhouses
 - 7.1.21. Damage or loss of premises, buildings or property used for commercial activities
 - 7.1.22. Failure to comply with the requirements of the regulatory enactments, building standards, operation or fire safety regulations applicable in the Republic of Latvia, or the requirements of the administrative acts
 - 7.1.23. Operation of buildings, premises and elements thereof (heating, water-pipe or wiring) that have not been put into operation
 - 7.1.24. Damage or loss of not built-in construction materials; however, the losses are indemnified with the indemnity limit of 1,500 EUR during the insurance year
 - 7.1.25. Errors that have been made in the planning or designing
 - 7.1.26. Poorly performed construction works or repairs, use of low-quality or non-conforming materials
 - 7.1.27. Cutting, welding, soldering or other works performed in the insurance object or insurance place with the open flame in a not suitable place or at the place that is not equipped in accordance with the fire safety regulations and/or these works are performed by a person (persons) who is (are) not specially trained or qualified to perform these works, and/or from items that were welded, soldered or processed with open flame
 - 7.1.28. Damage to or loss of any illegally acquired property
 - 7.1.29. Damage to or loss of land motor vehicles with the engine capacity of 50 cubic centimetres and more, water and air vehicles as well as their spare parts or equipment. However, if property located in an inhabited property is insured, the losses caused to the roof boxes, non-seasonal tyres and rims of the land motor vehicles owned by the Policyholder or any related persons that are stored separately, in closed premises, within the insured property, with the indemnity limit of 1,000 EUR during the insurance year
 - 7.1.30. Injuries to or death of animals as well as damage or loss of soil, sowing, forest, young forest stands, crop, indoor plants
 - 7.1.31. Damage or loss of securities, money, documents, acts, plans, original drawings, models, archive collections, databases and information carriers; however, the losses due to the damage or loss of software OEM versions and other licensed software that cannot be recovered are indemnified with the indemnity limit of 500 EUR during the insurance year
 - 7.1.32. Loss of medicinal products or psychotropic substances. However, the losses related to the loss of the medicinal products used daily on a regular basis by doctor's prescription are indemnified with the indemnity limit of 200 EUR during the insurance year
 - 7.1.33. Loss of alcohol and tobacco products. However, the losses with the indemnity limit of 200 EUR during the insurance year are indemnified
 - 7.1.34. Damage or loss of hygiene accessories and cosmetics. However, the losses with the indemnity limit of 200 EUR during the insurance year are indemnified
 - 7.1.35. Loss of foodstuffs. However, the losses with the indemnity limit of 200 EUR during the insurance year are indemnified
 - 7.1.36. Keeping any property outside the buildings, apartments, structures if this is not required due to the specific use of the property
 - 7.1.37. Defrauding, usurpation, blackmailing, disappearance, etc. of the property
 - 7.1.38. If the property is in uninhabited buildings, subsidiary buildings or premises, the losses are still indemnified within the limit fixed in Paragraph 5.3.1 for any property left in locked uninhabited buildings, subsidiary buildings or premises
 - 7.1.39. Damage or loss of the improvement of the territory of the uninhabited property, the outer enclosing structures of the buildings (including roofing, coverings, windows, doors), external finish of the building and constructions and elements attached to the facade of the building due to malicious acts of third parties is still reimbursed with the limit of 700 EUR per year of insurance
 - 7.1.40. Damage or loss of immovable property acquired in an auction and not formally possessed by the owner. With regard to such immovable property, the insurance coverage shall come into effect when the property is formally possessed as immovable property

8. Obligations of the Policyholder and the Insured

- 8.1. Chimneys and funnels must be cleaned at least once a year.
- 8.2. If there is a probability of the occurrence of the insured risk, to immediately take all the measures to protect and rescue the insurance object (e.g. clean the snow from the roof; move the property or protect the buildings if they are endangered by the storm, food, increasing water level, ice pieces).

- 8.3. It is forbidden to use electric wires without insulation and/or with damaged insulation, damaged sockets and switches as well as non-standard fuses or fuses that are not adequate for the network voltage.
- 8.4. The Policyholder and the Insured shall comply with the regulatory enactments, construction standards, technical operation, labour safety and fire safety regulations effective in the Republic of Latvia.
- 8.5. The Policyholder and the Insured shall take all safety and precautionary measures to preserve and protect the insurance object and to prevent losses or damages (e.g. to not leave any operating electric heating devices, burning candles or non-extinguished cigarettes without supervision for a long time).
- 8.6. To immediately take all possible measures to protect or rescue the insurance object when the occurrence of the insured risk is predictable in advance.
- 8.7. During the validity period of the insurance contract, the Policyholder and the Insured shall inform the Insurer of all circumstances known to them that could increase the probability of the occurrence of the insured risk, including:
- 8.7.1. Changes in the security systems of the insured real property (including fire safety and security alarm systems, etc.)
- 8.7.2. Any changes in the use of the insurance object or the characteristics of the insurance object prior to such changes take effect, including suspension or termination of use, reconstruction, rebuilding, repairs – before starting them.
- 8.8. If a security alarm system is specified in the insurance application and/or policy, it must be in working order and activated for the entire time period when the insurance object is left without supervision.
- 8.9. If a fire alarm system is specified in the insurance application and/or policy, it must be in working order and activated all the time.
- 8.10. The Policyholder and the Insured shall assure that in cases when the outdoor temperature is below 0°C, the water supply, sewage and heating systems of the insured object that is not heated are cleared from water.
- 8.11. The Policyholder and the Insured shall inform the Insurer about the encumbrances and commercial pledges registered for the insured object.

9. Obligations of the Insured upon the Occurrence of an Insured Risk

- 9.1. Upon the occurrence of an insured risk, the Insured shall immediately inform the following authorities thereof:
- 9.1.1. The Fire and Rescue Service in the event of fire
- 9.1.2. The Police in the event of malicious activities by third parties
- 9.1.3. The Police in the event of a collision with a land motor vehicle
- 9.1.4. The respective emergency service in the event of an explosion
- 9.1.5. The respective emergency service and/or the manager (owner) of the insured real property (building), or the municipal Police in the event of any utility system emergency
- 9.2. The Insured and/or the Policyholder must immediately, as soon as possible, notify the Insurer of the occurrence of the insured risk and take all reasonable measures to minimise the losses.
- 9.3. The Insured and/or the Policyholder shall, within 2 (two) business days or as soon as possible, notify the Insurer by

phone or in writing of the occurrence of the insured risk or any event which might be considered an insured risk and agree with the Insurer upon the time of inspection of the place of occurrence of the insured risk.

- 9.4. After the submission the claim, the Insured shall ensure the possibility for a representative of the Insurer or an expert appointed by the Insurer to inspect the place of the occurrence of the insured risk and the damaged insurance object as well as allow the Insurer to perform investigation to determine the causes and the amount of the losses.
- 9.5. After the occurrence of the insured risk, it is forbidden to repair any damage or move, remove or restore the insured property or any parts thereof without written consent of the Insurer. It is permitted to take only urgent reasonable measures to prevent further losses and avoid accidents.
- 9.6. After inspecting the place of the occurrence of the insured risk, the representative of the Insurer shall use the respective template to draw up an inspection report regarding the established losses, and give instructions the fulfilment of which shall be mandatory to the Insured and the Policyholder.
- 9.7. If the Insurer fails to perform the inspection within 3 (three) working days of the receipt of the insurance claim and does not notify about the reasons for the delay of the inspection and the duration, the Insured shall have the right to start the cleaning and repair works.
- 9.8. The Insured shall prove the fact of the loss and the amount thereof as well as submit all the information requested by the Insurer and the documents supporting it.
- 9.9. If requested by the Insurer, the Insured and the Policyholder shall submit the listing of the damaged, stolen or destroyed insured property and the documents evidencing the property title. The value of the insured property and the condition thereof before the occurrence of the insured event shall be specified in the listing.
- 9.10. The Insurer shall make the decision regarding the payment of the insurance indemnity or refusal to pay out the insurance indemnity within 15 (fifteen) days of the receipt of all the required documents, including the documents requested by the Insurer.
- 9.11. If administrative or criminal proceedings have been instituted against the Policyholder or the Insured for damage to or destruction of the insured property, the Insurer shall make the decision regarding the payment of the insurance indemnity only after the investigation has been completed or the court judgment or decision regarding termination of the criminal case has taken effect and has been submitted to the Insurer.
- 9.12. The Insurer may refuse to pay out the insurance indemnity if the authorities referred to in Paragraph 9.1 do not confirm the fact of the occurrence of the respective insured risk.
- 9.13. The Insurer shall have the right to refuse to pay out the insurance indemnity if the Insured or the Policyholder:
- 9.13.1. Has misinformed the Insurer about the circumstances of the insured event or the amount of the loss either maliciously or due to gross negligence
- 9.13.2. Fails to show the remains of the damaged property, save when they have been destroyed completely
- 9.13.3. Has failed to submit the list of the stolen or robbed property to the Police or the Police does not confirm the fact of the theft or robbery of certain items
- 9.13.4. Has failed to fulfil the requirements of Articles 9.2, 9.4, 9.5, 9.6, 9.8 and 9.9 of the Terms and Conditions

10. Calculation of the Insurance Indemnity

- 10.1. Determination of the insurance indemnity for the damage caused to the real and moveable property:

- 10.1.1. If the insurance object is insured at its restoration value, then, in the event of damage to or loss of the insurance object, the Insurer determines the amount of the insurance indemnity based on the restoration value of the object just prior to the occurrence of the insured risk, in compliance with the under-insurance and over-insurance terms and conditions
- 10.1.2. If the insurance object is insured at its actual value, then, in the event of damage to or loss of the insurance object, the Insurer determines the amount of the insurance indemnity based on the restoration value of the object just prior to the occurrence of the insured risk, less the depreciation of the property and in compliance with the under-insurance and over-insurance terms and conditions.
- 10.1.3. If the insurance object is insured at the replacement value, then:
 - 10.1.3.1. In the event of damage to or total loss of the insurance object, when the object can be restored, the Insurer determines the amount of the insurance indemnity based on the restoration value of the object just prior to the occurrence of the insured risk
 - 10.1.3.2. In the event of complete loss of the insurance object, when the object cannot be restored, the Insurer determines the amount of the insurance indemnity based on the replacement value (market value) of an equivalent object just prior to the occurrence of the insured risk.
- 10.2. Additional terms and conditions for the determination of the insurance indemnity amount in the event of damage to or loss of an apartment:
 - 10.2.1. If the apartment is insured at its restoration value, the insurance indemnity is equal to the lowest restoration expenses necessary to restore the insured real property in the quality and to the extent it was just prior to the occurrence of the insurance event
 - 10.2.2. If the apartment is insured at the replacement value, the insurance indemnity is equal to the lowest restoration expenses required to restore the insured real property, if it is possible, in the quality and to the extent the apartment was just prior to the occurrence of the insurance event or, if the apartment cannot be restored, the insurance indemnity is equal to the replacement value (market value) just prior to the occurrence of the insurance event
 - 10.2.3. If the apartment interior finishing works had been performed more than five years ago, the insurance indemnity for the interior finishing works is calculated by taking into consideration the depreciation of 20% for every ten full years.
- 10.3. Additional terms and conditions for the determination of the insurance indemnity amount in the event of damage to, destruction or complete loss of moveable property – house belongings:
 - 10.3.1. In the event of destruction or complete loss, the insurance indemnity amount is determined following the procedure established in Table 1 of these Terms and Conditions
 - 10.3.2. In the event of damage, the lowest expenses required to restore the item in the quality and to the extent it was before the occurrence of the insurance event are indemnified, not exceeding the maximum insurance indemnity amount specified in Table 1 of these Terms and Conditions for the destruction or complete loss of the property
- 10.3.3. If a bicycle, a motorized vehicle with the engine of up to 50 cubic centimetres, or a grass-mowing tractor and rider (capacity up to 20 kW) registered with the Road Traffic Safety Directorate is insured, the insurance indemnity is calculated based on their market value – the sum of money at which the insurance object can be sold in the domestic market of the Republic of Latvia according to the market demand for the transport vehicles of the same make, model, year of manufacture and the same or similar configuration.
- 10.3.4. If jewellery, items made of precious metals, precious stones, paintings, icons, antique items or registered weapons are insured, the amount of the indemnity is calculated based on the current market value, without, however, exceeding the insurance amounts specified in the policy.
- 10.4. In the event of under-insurance, the indemnified losses are calculated pro rata with the actual loss amount, which is the sum of insurance specified in the insurance policy against the value of the insurance object. For the purposes of this contract, under-insurance has occurred when the sum or insurance is lower than the value of the object by more than 10%.
- 10.5. In the event of over-insurance, the amount of the insurance indemnity cannot exceed the amount of the actual losses and the value of the insured property.
- 10.6. If the collision risk has occurred and the vehicle at fault is identified, the Insurer does not withhold the deductible specified in the policy when paying out the insurance indemnity.
- 10.7. The insured property is acknowledged as a complete loss when the damage to it exceeds 70% of the value of the insured property just prior to the occurrence of the insurance event. In such a case:
 - 10.7.1. If, at the request of the Insurer and with the consent of the Insured, the useful remains are kept by the Insured, the insurance indemnity is calculated by deducting the value of the useful remains
 - 10.7.2. If, at the request of the Insurer and with the consent of the Insured, the useful remains become property of the Insurer, the value of the useful remains is not deducted when calculating the insurance indemnity
- 10.8. When the lost insured property is not restored, the indemnified losses are equal to the market value, but shall not exceed the property restoration value and/or the sum insured. If, after the payout of the insurance indemnity in the amount of the market value, a construction permit for the performance of restoration works, a detail design duly coordinated and approved following the procedures established in the regulatory acts applicable in the Republic of Latvia, a contract and combined calculations for the restoration of the object are submitted and the restoration of the building is commenced, the Insurer pays the Insured the difference calculated as the difference between the restoration or actual value and the market value, but not exceeding the sum insured of the real property specified in the policy.
- 10.9. The right of the Insured to receive the insurance indemnity at the restoration value ceases if the Insured does not exercise it within 2 years of the day of occurrence of the insured risk.
- 10.10. In cases when repair/restoration works of the insured object are envisaged, the Insurer is entitled to establish the procedure for the receipt of the insurance indemnity by splitting the amount of the insurance indemnity into several payments. The Insurer pays out the first portion of the insurance indemnity, which shall not exceed 50% of the

- calculated amount of the insurance indemnity, after making the decision regarding the payment of the insurance indemnity, and the remaining amounts are paid out by the Insurer after the completion of the specified amount of the restoration/repair works.
- 10.11. The Insurer is entitled to designate the service provider for the restoration of the insured object. Subject to written consent provided by the Insurer, the Insured is entitled to select a person who will carry out the restoration of the insured object. If the Insured wants the insurance object restoration works to be performed by a service provider selected by the Insured and the value of the restoration works exceeds the value of the restoration works offered by the service provider selected by the Insurer, the Insurer is entitled to calculate the insurance indemnity based on the cheapest offer for the restoration works submitted by the service provider.
- 10.12. The Insured shall opt for one of the following ways of receiving the insurance indemnity by notifying the Insurer thereof in writing not later than 15 (fifteen) calendar days after the submission of the insurance claim to the Insurer:
- 10.12.1. Restoration or reparation of the insurance object, taking into consideration that, in case the Insured fails to submit written proof to the Insurer that, pursuant to the signed written agreement, the reparation or restoration of the property is to be carried out by a provider of the respective services, the amount of taxes imposed on the reparation or restoration works is deducted from the calculated share of the insurance indemnity which indemnifies the expenses of the reparation and restoration works
- 10.12.2. Replacement of the lost insurance object (building, apartment, belongings) with an equivalent one
- 10.12.3. In cash, taking into account that, when paying out the insurance indemnity for the real property damage or the loss in cash, the insurance indemnity does not include any overhead costs or profit as well as any taxes applicable to the reparation and restoration works.
- 10.13. If the Insured misses the term fixed in Paragraph 10.12 of these Terms and Conditions, the Insurer is entitled to unilaterally decide to pay out the insurance indemnity in cash.
- 10.14. The insurance object shall be restored or replaced with an object that is functionally identical to the insurance object before the occurrence of the insurance event.
- 10.15. The Insurer is entitled to deduct the unpaid insurance premium share for the entire validity period of the insurance contract from the insurance indemnity to be paid out.
- 10.16. If the insurance object is a building or an auxiliary structure and, following the insurance event, it is identified that the depreciation of the insurance object immediately prior to the occurrence of the insured event exceeded 40%, then it shall be deemed that insurance object has been such already upon the issuance of the policy and has been insured at the actual value from the signing of the insurance contract, even if otherwise specified in the insurance policy. The degree of depreciation shall be determined by the Insurer, by inviting a certified real property appraiser.
- 10.17. After paying out the insurance indemnity, the insurance amounts specified in the policy are completely restored without paying any additional insurance premiums, except when the real property has been lost completely.

11. Other Provisions

- 11.1. The parties shall be entitled to review the amount of premium and the insurance amount for an insurance policies with contract validity period of more than twelve months in the following cases:
- 11.1.1. At least twelve months have passed since the beginning of the contract period and
- 11.1.2. The annual inflation of the construction costs in accordance with the data of the Central Statistical Bureau (www.csb.gov.lv) in the previous calendar year exceeds 6%.
- 11.2. The contractual provisions are reviewed as per Paragraph 11.1
- 11.2.1. The increase of the insurance premium does not exceed the amount of the annual inflation of the construction costs
- 11.3. Upon occurrence of the case specified in Paragraph 11.1, the Policyholder shall be entitled not to agree with the proposed changes of the premium and unilaterally terminate the insurance contract.
- If the insurance contract is terminated, the Insurer shall return the unused share of the premium in full amount to the Policyholder without deducting the costs of the Insurer related to the signing of the insurance contract.

Table 1. Procedure for the determination of the indemnity amount based on the initial property acquisition value upon the occurrence of an insurance event. For cellular telephones, tablet computers and portable computers, the indemnity amount is calculated based on the market value upon the occurrence of the insurance event.

Property age in years	1	2	3	4	5	6	7	8	9	10 and more
Precious and solid wood furniture, table-laying accessories, musical instruments, interior items	100%	100%	100%	100%	100%	80%	70%	65%	60%	50%
Natural fur clothing, tapestry, books, home textile, construction materials, lighting equipment, weapons	100%	100%	100%	100%	100%	80%	75%	70%	65%	60%
Sports goods, including bicycles, baby carriages and boats, tools, electric tools, garden equipment, garden furniture (wooden), furniture (except of solid and precious wood), holiday decorations (e.g., Christmas), optics, rugs, sewing-machines, knitting machines, household items (pots, frying-pans, etc.)	100%	100%	100%	80%	70%	60%	50%	40%	30%	30%
Audio and video equipment, TV, household appliances, stationary goods, communication equipment, computer equipment and accessories thereof, photo equipment, garden furniture (of materials other than wood)	100%	100%	60%	50%	40%	30%	30%	30%	30%	30%
Clothing, footwear, bed linen, accessories	100%	100%	60%	50%	40%	30%	30%	30%	30%	30%