



PRIVATE PROPERTY INSURANCE

Terms and Conditions No. 0801.01

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VIENNA INSURANCE GROUP

In accordance with these Terms and Conditions, AAS BTA Baltic Insurance Company, hereinafter – BTA, and Policyholders enter into insurance contracts on insurance of real estate and moveable property and third-party liability insurance.

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DEFINITIONS OF TERMS, USED IN THESE TERMS AND CONDITIONS

GENERAL TERMS

Authorized User – a person who, on a legal basis, uses real estate or movable property insured by Insurance Contract.

BTA – BTA Baltic Insurance Company AAS, Insurer for the purposes of the Insurance Contract Law.

Compensation Principle – insurance principle, according to which Insurance Indemnity is calculated by taking into account the amount of losses incurred in an Insured Event.

Deductible – the amount of losses indicated in the Insurance Contract not reimbursed by BTA. Deductible may be expressed as a fixed amount of money, percentage of the amount of losses resulting from Insured Event, or percentage of the Sum Insured. When there are several types of Deductibles specified in the Insurance Contract for one Insured Risk, the largest of them shall always be applied. Deductible in Property insurance and in Third party liability insurance is applied separately.

Insurance Application – a document of a certain form, defined by BTA, or any other information that the Policyholder submits to BTA to inform about Insurance Object, facts and circumstances necessary for Insurance Contract conclusion. If Insurance Application of a certain form, defined by BTA, has not been submitted, then the information provided in the Insurance Contract on the Insurance Object, the Policyholder, the Insured and the Beneficiary shall be considered to have been submitted by the Policyholder. Acceptance of the insurance application shall not obligate BTA to conclude an insurance contract.

Insurance Contract – agreement between BTA and the Policyholder, whereby the Policyholder commits to pay insurance premium in the manner, terms and amount defined in the insurance contract, as well as to fulfil all the other obligations under the insurance contract, while BTA commits, upon occurrence of insured event, to pay insurance indemnity according to the insurance contract terms, as well as to fulfil all the other obligations under the

contract. The constituent parts of the insurance contract are these terms and conditions, the insurance policy, annexes and amendments to the insurance policy.

Insurance Indemnity – the amount to be paid for the Insured Event or the services to be rendered in accordance with the concluded insurance contract.

Insurance Period – the period of time for which Insurance Premium is paid in accordance with the Insurance Contract and during which insurance cover is in effect.

Insurance Policy – confirmation of the fact of insurance contract conclusion, which includes the terms and conditions of the insurance contract which the Policyholder and BTA have agreed upon, as well as the information provided by the Policyholder about the insurance object, the Policyholder, the Insured and the Beneficiary. Absence of parties' signatures on the Insurance Policy shall not affect the validity of the Insurance Contract.

Insurance Premium – the payment for the insurance specified in the Insurance Contract.

Insured Event – an event, related through causal relationship to the Insurance Risk, with Insurance Indemnity provided upon its occurrence, in compliance with the Insurance Contract.

Insured Risk – an event specified in the Insurance Contract, the occurrence of which is possible in the future beyond the will of the Insured.

Policyholder – person concluding insurance contract for the benefit of itself or another person.

Sum Insured – limit of BTA's liability in pecuniary terms, defined in the Insurance Contract, or rules of its calculation.

TERMS USED IN PROPERTY INSURANCE

Actual Value – the lowest restoration costs required to restore the insured real estate or moveable property in the quality and to the extent it was just before the occurrence of the Insured Event, less depreciation.

Beneficiary – person, indicated in the Insurance Contract and to which Insurance Indemnity or a part of it shall be payable in cases defined in the Insurance Contract.

Effective Area of Contract – the territory, specified in the Insurance Contract, where the Insured Object is located, where the insurance according to the Insurance Contract is in effect.

First-loss Indemnity Principle – insurance principle, according to which BTA will compensate for losses sustained as a result of Insured Event, not exceeding the Indemnity Limit specified in the Insurance Contract. In such case, the Underinsurance principle shall not be applied.

Glazing – the glazing, permanently fixed within the insured real estate, of windows, doors, walls, recessed balconies (including the finishing elements of the glasswork), including their fastenings and frames, which are a structural part of the real estate.

Indemnity Limit – the maximum Insurance Indemnity, which may be disbursed under the Insurance Contract with respect to a certain Insured Risk during a 12-month Insurance Period. After payment of Insurance Indemnity, the Indemnity Limit shall be reduced by the amount of the disbursed Insurance Indemnity. When there is an Indemnity Limit set, Underinsurance shall not be applied in the Insurance Indemnity calculation.

Insured – an individual having insurable interest, in favour of whom the Insurance Contract is concluded.

Market Value – an estimated amount of money, for which the property should exchange from one owner to another in a commercial transaction between a willing seller and a willing buyer; where the parties are assumed to have each acted knowledgeably, prudently and without compulsion.

Overinsurance – a situation, where the Sum Insured under one or more than one Insurance Contracts with respect to the same Insured Risk exceeds the value of the Insurance Object. In such an event, the Insurance Indemnity is paid out in accordance with the Compensation Principle, i.e., not exceeding the amount of losses and reducing it by the amount of Deductible.

Permanently Inhabited – real estate, which the Policyholder, the Insured or the Authorized User uses it for permanent residence and does not leave the real estate unattended physically for more than 30 consecutive days. Physical attendance shall be considered external and internal survey of the facility. A real estate shall not be considered to be permanently inhabited if electricity is not connected and consumed at the real estate, the heating system is not in working order or is not used during the heating season, the real estate is not equipped with household items.

Replacement Cost – the lowest restoration costs required to restore the insured real estate or moveable property in the quality and to the extent it was just before the occurrence of the Insured Event, without deducting depreciation.

Underinsurance – a situation, where the Sum Insured under one or more than one Insurance Contracts with respect to the same Insured Risk is lower than the value of the Insurance Object. In such case, the Insurance Indemnity is calculated as the proportion between the Sum Insured and value of the insurance object just before the occurrence of the Insured Event, unless specified otherwise in the Insurance Contract. Deductible is withheld from the amount thereby calculated.

TERMS USED IN THIRD-PARTY LIABILITY INSURANCE

Claim – an application by a Third Party to the Insured regarding indemnification for losses.

Insurance Territory – a territory specified in the Insurance Contract, wherein the loss has occurred.

Insured – the person specified in the Insurance Contract, whose civil liability for damages caused to Third Parties is insured. Considered as the Insureds shall also be the following persons:

- a) family members of the Insured: spouse or a person, with whom the Insured shares a household, the Insured's children of majority age and parents;
- b) persons, for whom the Insured bears civil liability (minor children of the Insured, and other persons for whom the Insured bears civil liability pursuant to the Civil Law of the Republic of Latvia);
- c) the Authorized User, although with the Insurance Territory limited to the address of the location of the real estate insured under the property insurance.

Unlawful Activity – an act or omission by the Insured, which has caused losses to Third Parties.

Third Party – person, who incurred losses and is eligible to Insurance Indemnity in accordance with the Insurance Contract.

I PROPERTY INSURANCE

1.INSURANCE OBJECT

1.1. The Insurance Object is, as specified in the Insurance contract, the following:

1.1.1. Building – a structure that is used for living and is permanently fixed to the land, including all its fixtures – integral parts permanently attached thereto.

Integral parts (fixtures) of the building, for purposes of these Terms and Conditions, shall be:

- 1.1.1.1.** structural elements (for instance, building foundation, external walls, inner walls, floor spans, roof constructions and roofing),
- 1.1.1.2.** doors, gates, lifts (elevators), stairs, windows and the glazing of windows, doors, walls, recessed balconies,
- 1.1.1.3.** interior and exterior finishing,
- 1.1.1.4.** water supply, heating, sewerage, electricity supply and communication systems with all stationary fixtures (including sanitary equipment, heating boilers (including heating pumps) and radiators, hot water boilers, pumps, filters, built-in lighting fittings, underfloor heating, stationary stoves, fire-places, fire and security alarm systems, stationary fire safety equipment, advertising materials, satellite dishes), built-in air conditioning and ventilation equipment,
- 1.1.1.5.** external utility mains stretching from the insurance object to the public networks access points, the operation and repair of which is subject to legal liability of the insured object owner;

1.1.2. Part of Building (to include twin-houses and row houses) – premises, assigned for separate use, designated for dwelling in accordance with the contract of communal use of the real estate, including all their integral parts as described in Article 1.1.1, constituting the boundaries of these premises. Upon insuring a Part of Building, the commonly used aliquot parts of the building are insured proportionally to the amount of aliquot part of owned by communal owners;

1.1.3. Apartment – room or a group of rooms in a residential building that is structurally separated and functionally detached, which is marked as an apartment in the building's cadastral survey file. Apartment is insured, including all integral parts of it according to the description provided in Article 1.1.1, which constitute the boundaries of this apartment. Upon insuring an Apartment, the commonly used aliquot parts of the building are insured proportionally to the amount of aliquot part of owned by communal owners; Apartments located on the attic floor are insured together with the appurtenant part of the roof, which is a structural part of this apartment;

1.1.4. Auxiliary Building – a separate non-residential structure, which is primarily not being used, nor designed for living;

1.1.5. Improvement Construction – structures that are permanently fixed to the land plot on which the insured real estate referred to in Article 1.1.1, 1.1.2 and 1.1.4 of these Terms and Conditions is located (such as fencing, sheds, pedestrian roads, stationary sprinkler systems, outdoor lighting, children's playgrounds, garden greenery), unless it is stipulated otherwise in the concluded insurance contract;

1.1.6. Repair Investments – interior decoration of premises (including water supply, heating, sewerage, electricity supply and communication systems with all stationary elements attached thereto,

windows, doors). Insurance of Repair Investments is conducted by the first-loss indemnity principle also in cases, when no special note about it is made in the insurance contract.

1.1.7. Moveable Property – movable objects (such as furniture, including built-in furniture, household appliances, clothing, elements of interior, sports equipment), which are located in the effective area of contract and are owned by the Insured or the family members living with him or her, or handed over for use to them;

1.1.7.1. BTA shall indemnify for damages or total loss of the Moveable Property outside buildings and premises, if the peculiarities of use of the insured Moveable Property endorse the Moveable Property to be kept outside buildings and premises, and this Moveable Property is insured under the Insurance Contract. Moveable Property is only insured if it is located within the Effective Area of the Insurance Contract, except for the cases, when the concluded Insurance Contract provides the additional insurance cover – Moveable Property Outside Home.

1.1.7.2. Upon decision of the Policyholder, Moveable Property may be insured:

a) as an aggregate of items;

When Moveable Property is insured as an aggregate of items, each insured object is not specified separately in the Insurance Contract, the Indemnity Limit for the Moveable Property is specified in the Insurance Contract. In such a case, the Underinsurance is not applied.

b) as separate items;

When Moveable Property is insured as separate items, each insured item is specified in the Insurance Contract and a Sum Insured is specified for each insured item; in such a case Underinsurance can be applied.

2. SUM INSURED

- 2.1.** The Sum Insured is determined by the Policyholder. When concluding the Insurance Contract, the Policyholder assumes full liability for determining the Sum Insured and its conformity to the value of the Insurance Object. If, upon occurrence of an insured event, it is established that the Sum Insured differs from the value of the Insurance Object, when calculating the amount of the Insurance Indemnity, conditions regarding Under-insurance or Over-insurance are applied.
- 2.2.** In addition to the events, mentioned in these Terms and Conditions, upon agreement of the Parties and clearly stipulating it in the Insurance Contract, the Insurance Object may be insured in accordance with the First-loss Indemnity Principle, pursuant to which BTA will compensate all losses incurred due to the occurrence of an insured event without exceeding the Indemnity Limit set forth in the Insurance Contract.
- 2.3.** The Sum Insured for real estate is set in the amount of its Replacement Cost, if the depreciation of the real estate does not exceed 40%, whereas, when the depreciation of the real estate exceeds 40%, the Sum Insured is set in the amount of its Actual Value.
- 2.4.** The insured Moveable Property, which is not older than 3 years at the moment of insured risk occurrence, is insured at Replacement Cost, i.e., the value of the insured Moveable Property is determined as equivalent (by its parameters and functionality) of the value of a new Moveable Property. Telephones, their accessories, tablets, smart watches are insured at Replacement Cost for 3 months from the date of purchase.
- 2.5.** After Insurance Indemnity is paid out, the Sum Insured remain constant, except for cases when the insured Moveable Property has perished or the Sum Insured was set according to the First-loss Indemnity Principle, in which case the Sum Insured is reduced by the amount of the disbursed Insurance Indemnity.
- 2.6.** Unless stipulated otherwise in the Insurance Contract, when insuring the Moveable Property, then each item of the Moveable Property, the value of which exceeds EUR 5,000, shall be necessarily indicated in the Insurance Contract. If this has not been done, the Insurance Indemnity for damage, destruction or loss of such an item will be paid, not exceeding EUR 5,000.

3. INSURANCE COVERAGE

NAMED BASIC PERIL INSURANCE

3.1. The Insurance Object shall be insured against the following **basic risks (basic perils)**, if they are marked as insured in the Insurance Contract:

3.1.1. Fire:

BTA indemnifies the losses for damages to Moveable Property or real estate, when caused by:

3.1.1.1. Fire – fire ignition at places not meant for fire, including the fire spreading beyond the place meant for fire and being able to spread by itself. The insurance also covers soot,

smoke and fire-fighting result damage to the Insurance Object, if it has been caused by the fire;

3.1.1.2. Explosion – gas or steam outburst based on a sudden force expression. Occurrence of a container (e.g. boiler, pipe) explosion is considered as occurred if its walls are broken to the extent that a sudden equalization of the pressure between inside and outside of the container has occurred;

3.1.1.3. Bolt of lightning (also ball lightning) – direct impact of lightning on the Insurance Object resulting in it getting damaged or a fire break out;

3.1.1.4. Fall of a manned aircraft, its parts or cargo – direct fall of the manned or unmanned aerial vehicle, its parts or cargo on the Insurance Object.

3.1.2. Leakage of liquid or steam:

BTA indemnifies the losses for damages to Moveable Property or real estate, when caused by:

3.1.2.1. An accident in utility mains pipeline system inside the building (e.g. water supply, sewerage, heating, waste water, ventilation, conditioning and fire extinguishing system pipelines, sanitary ware or household devices), i.e. their sudden and unexpected disruption, fracture or blockage resulting in liquid or steam leak;

3.1.2.2. Freezing up of pipes inside the building resulting in pipeline fracture;

3.1.2.3. Activity or failure to act by third parties causing leakage of liquids or steam from internal pipeline systems;

3.1.2.4. Leakage of liquid due to automatic reaction of stationary automatic fire-extinguishing systems and devices (e.g. sprinklers).

3.1.3. Natural disasters:

BTA indemnifies the losses for damages to Moveable Property or real estate, when caused by:

3.1.3.1. Storm – wind of velocity of at least 17 m/s, which has caused mechanical and visible damages to the Insurance Object.

If the wind speed cannot be estimated at the location of the Insurance Object, it shall be considered that the storm has taken place if the wind has caused damage to buildings and objects near the Insurance Object that were previously in excellent condition.

3.1.3.2. Hail – atmosphere precipitation in a form of ice pellets.

3.1.3.3. Flood – the Effective Area of Contract being flooded with water that has run over open watercourses or reservoirs, dams or banks.

3.1.3.4. Snow damage – influence of the weight of the snow cover on the building's roofing or constructions, provided that the sheet of snow has been caused by continuous, heavy snow and the damage to roofing or constructions has occurred no later than 48 hours counting from the end of the day the heavy snowfall takes place at the location of the Insurance Object. For purposes of these Terms and Conditions, heavy snowing is considered a snow fall resulting in a snow layer of 20 cm or thicker within 24 hours.

3.1.3.5. Earthquake – a sudden release of energy in the Earth's crust that creates seismic waves with magnitude of at least 4 by Richter scale.

3.1.4. Illegal activities of third parties:

BTA indemnifies the losses for damages to Moveable Property or real estate, when caused by:

3.1.4.1. Vandalism – intentional, malevolent activity by third parties by inflicting damages to Moveable Property or real estate and it is not related to Fire, Leakage of liquid or steam, Burglary or Robbery,

3.1.4.2. Burglary – overt or covert theft of Moveable Property or real estate fixtures and fittings, when it is committed by third parties illegally entering closed premises with evident signs of breaking in – by breaking, mechanically damaging obstacles or picking locks,

3.1.4.3. Robbery – stealing of Moveable Property or real estate fixtures and fittings, when it is related to violence or threat of violence to persons who are legally in the Insurance Object or using it,

3.1.4.4. Impact of a land vehicle – destruction or damaging of the Moveable Property or real estate due to direct mechanical impact of a third-party land vehicle, including railway transport, on the Insurance Object.

- 3.2. In addition to the basic risks**, BTA indemnifies the losses for damages to Moveable Property or real estate, when caused by:
- 3.2.1.** free falling down of trees, poles, pillars or their parts near the insurance object that has not occurred due to physical depreciation (wear and tear) or any long-term degradation processes (e.g. corrosion, decomposition, putrefaction processes).
Losses shall also be indemnified, if damages of trees, poles or pillars turn out to have occurred due to long-term continuous degradation processes, undetectable by external visual observations. Upon occurrence of an insured event, the lowest deductible specified in the Insurance Policy for the basic risks shall be applied;
 - 3.2.2.** breakage of the building's glazing, which has occurred due to any sudden, unexpected reasons beyond the control of the Insured. The risk of glazing fracture shall be considered as occurred, if the only damage to the insured real estate as a result of the insured event is fractured or broken glazing.
 - 3.2.3.** direct impact of a supersonic aircraft shock wave on the Insurance Object;
 - 3.2.4.** icing, exceeding 10 mm, of overground utility mains.
- 3.3. In addition to the basic risks**, BTA indemnifies for losses in the following cases:
- 3.3.1.** if the Insurance Object is an Apartment, then BTA indemnifies also for losses resulting from occurrence of the insured risk, incurred through damages to a car parking space or auxiliary premises legally attached to the Apartment, though not exceeding EUR 3,000 per a single insured event;
 - 3.3.2.** if the Insurance Contract does not specify that Improvement Construction is the Insurance Object, then BTA will indemnify for losses resulting from occurrence of the insured risk, with respect to damage, destruction or loss of Improvement Constructions for up to 5% of total Sum Insured of the insured real estate at the address of the Insurance Object's location, though not exceeding EUR 10,000 per a single insured event. These losses are indemnified only on provision that the Insurance Object specified in the Insurance Contract is a Building or Part of Building;
 - 3.3.3.** if the Insurance Object is Moveable Property, then BTA indemnifies for losses incurred due to mysterious Disappearance of Moveable Property from a fenced in territory without signs of breaking in, for up to EUR 500 per a single insured event. Insurance shall be in effect for Movable Property when it is situated at the insured address, outside Buildings or Auxiliary Buildings;
 - 3.3.4.** losses shall be indemnified when incurred due to overvoltage, caused by lightning strike, for up to EUR 500 per a single insured event;
 - 3.3.5.** upon occurrence of Leakage of liquid or steam, losses shall be indemnified when incurred due to repair of utility mains, which have caused the Leakage of liquid or steam, for up to EUR 500 per a single insured event;
 - 3.3.6.** upon occurrence of Leakage of liquid or steam, BTA will indemnify for reasonable expenses that can be supported by documents, necessary for detecting the cause of the damage, for up to EUR 500 per a single insured event;
 - 3.3.7.** if the Insurance Contract does not provide the additional insurance cover – Temporary Dwelling Rental Expenses, then temporary dwelling rental expenses shall be indemnified for up to EUR 450 per month, but not exceeding the maximum indemnity period of 9 months in case of Fire, and upon occurrence of any of the other basic risks the maximum expense compensation period shall be 1 month. These losses are indemnified, provided that the Insurance Object according to the Insurance Contract is a Building, a Part of Building or an Apartment;
 - 3.3.7.1.** Compensating the Temporary Dwelling Rental Expenses will be stopped at the moment, when BTA receives information that the Insurance Object is not going to be restored or the restoration has been already completed;
 - 3.3.7.2.** Temporary Dwelling Rental Expenses will not be compensated, if the temporary dwelling premises are not used for permanent residence;
 - 3.3.8.** if pursuant to the Insurance Contract the Insurance Object is Moveable Property, but the additional Insurance of Moveable Property Outside Home is not insured under the contract, then BTA indemnifies for losses incurred as a result of the insured risk occurrence due to damage, destruction or loss of Moveable Property, located outside the effective area of the insurance contract within the territory of the European Union, in the amount up to EUR 500 per a single insured event;
 - 3.3.9.** losses of up to EUR 5,000 per insured event will be indemnified if the insured basic risk, which has been marked as insured in the concluded Insurance Contract, has occurred as a result of such repair, renovation, reconstruction, construction or demolition work performed in accordance with the regulatory enactments in force in the Republic of Latvia, which has to be approved by a responsible state or local government institution. In such case deductible of 500 EUR is applied, if larger amount of deductible is not provided in the insurance contract. In this case, Article 4.1.7 of the Terms and Conditions shall not be in effect.

- 3.3.10.** if Movable Property and jewellery are not separately marked as insured in the Insurance Contract, then losses for damage, destruction or loss of jewellery as a result of the insured basic or additional risks will be indemnified up to EUR 500 per insured event;
- 3.3.11.** if Movable Property is insured, then losses related to damage, destruction or loss of non-built-in building materials as a result of the insured basic or additional risks up to EUR 500 per insured event shall be indemnified.

ALL RISK INSURANCE

- 3.4.** If the Insurance Object is insured against all risks, BTA will cover losses with respect to damage, destruction or loss of the insured immovable or Moveable Property, if the damage, destruction or loss of the insured immovable or Moveable Property has occurred at the address of the place of location of the Insurance Object specified in the Insurance Contract as a result of any sudden and unexpected external impact circumstances, except for cases, specified in section 4 of these Terms and Conditions – “Exceptions in property insurance” and section 19 – “General Exceptions”.
- 3.4.1.** In addition to provisions of Article 3.4, BTA will compensate for the losses specified in Articles 3.2 and 3.3 and the following losses:
 - 3.4.1.1.** if Movable Property is insured, BTA indemnifies for losses arising from costs of production of an identity document, proof of ownership documents, payment cards, keys or security alarm to vehicle owned, because of loss, destruction or damage of the accounted items, as a result of the insured risk occurrence, for up to EUR 500 per a single insured event;
 - 3.4.1.2.** if Movable Property is insured, then losses related to damage, destruction or loss of licensed software as a result of the insured risk occurrence, for up to EUR 500 per insured event shall be indemnified;
 - 3.4.1.3.** if Movable Property is insured, then losses related to damage, destruction or loss of medicines, alcohol, tobacco, food, cosmetics, perfumery as a result of the insured risk occurrence, for up to EUR 100 per insured event shall be indemnified;
 - 3.4.1.4.** if the Real Estate is insured, the insurance shall cover the expenses for making adjustments to the real estate, in case the Policyholder, the Insured or the Authorized User is no longer capable of moving on his or her own and has to use a wheelchair, or has been awarded disability group I, for up to EUR 500 per a single insured event;
 - 3.4.1.5.** if the Real Estate is insured, and an accident has occurred in connection with a Fire, the insurance shall cover the expenses for the assistance of a psychologist, psychotherapist (covered only the services provided by a medical practitioner registered in the Medical Institutions Register maintained by the Health Inspectorate of the Republic of Latvia) up to EUR 500 for a period not exceeding 6 months;
 - 3.4.1.6.** if the Real Estate is insured, the insurance shall compensate for losses arising from forced return from the trip due to a potential insured event, up to EUR 500 per a single insured event (losses shall be subject to indemnity only upon a prior agreement with the Insurer);
 - 3.4.1.7.** the costs of transportation and storage of the remaining property, if the property is not possible to be kept in the damaged real estate after the insured event. Storage costs shall be reimbursed until the insured real estate is fully restored, though not longer than for 6 months. The maximum indemnity limit shall be EUR 500 per a single insured event.

COMPLEMENTARY INSURANCE

- 3.5.** The Insurance Contract provides the following complementary insurance cover only on provision that the cover is marked in the Insurance Contract as provided (this applies both to the named basic peril insurance as well as to all-risk insurance):
 - 3.5.1. Electronic risks:**
 - 3.5.1.1.** BTA indemnifies for the losses from damages to electrical equipment, powered by electric current (e.g., boiler, switchboard), which is part of the Moveable Property or the structure of the real estate, when caused by:
 - a)** emergency or previously unannounced power outage,
 - b)** impact of electric current, including damages caused by overvoltage, overload or short circuit, irrespective of whether the damages caused by the electric current have resulted from flame or not,
 - c)** secondary phenomena of lightning strike and subsequent electromagnetic and electric phenomena,

- 3.5.1.2.** upon insuring electronic risks, Article 4.1.16 of these Terms and Conditions shall not be in effect.
- 3.5.2. Temporary dwelling rental expenses:**
- 3.5.2.1.** If, upon occurrence of an insured event, the insured real estate, which had been used for permanent residence, has perished or damaged to the point that dwelling therein is impossible, then BTA will compensate reasonable and necessary moving expenses, supported by documented evidence, to temporary dwelling premises and rental fee for leasing other dwelling premises (incl. hotel), not exceeding the Indemnity Limit defined for this complementary insurance cover in the concluded Insurance Contract;
- 3.5.2.2.** the rental expenses for temporary dwelling premises shall be compensated, starting with the moment of occurrence of the insured event until the moment, when the insured real estate is fully restored or BTA has disbursed full Insurance Indemnity for the perished Insurance Object, though no longer than a period of 12 months since the moment of occurrence of the insured event;
- 3.5.2.3.** in temporary dwelling rental expense insurance the under-insurance principle and deductible are not applied.
- 3.5.3. Damages caused by tenants:**
- 3.5.3.1.** Not exceeding the Indemnity Limit defined for this complementary insurance cover in the concluded Insurance Contract, BTA will pay Insurance Indemnity for damages caused to the Insurance Object due to malicious intent or gross negligence of tenants of the Insured;
- 3.5.3.2.** a precondition for recognizing an accident to be an insured event as a result of occurrence of the tenant-inflicted damages risk and for granting Insurance Indemnity, shall be a rental agreement, valid at the time of the potential insured event with the effective term of not less than 1 month, and a confirmation by a competent authority to the fact of damages being inflicted by tenants.
- 3.5.4. Moveable property outside home:**
- 3.5.4.1.** Not exceeding the Indemnity Limit defined for this complementary insurance cover in the concluded Insurance Contract, BTA will pay Insurance Indemnity for damages, destruction or loss of the Moveable Property located outside the Insurance Object's location address as a result of occurrence of the insured event;
- 3.5.4.2.** the insurance cover shall be in affect only when the Moveable Property is under supervision of the Policyholder, the Insured, or his or her family members dwelling together with him or her, or is located in locked premises or places, or is left unattended in a public place, provided that it is locked with a special lock to a firmly installed secure construction.
- 3.5.5. Pet insurance:**
- 3.5.5.1.** BTA will pay Insurance Indemnity in the amount of the Sum Insured specified in the Insurance Contract concluded for this complementary insurance cover, if death of a pet occurs due to illness, injury, childbirth, illegal activities of third parties, fire, natural disasters, attack by other animals, poisoning with poisonous substances, venomous animal or insect bite, collision with a vehicle;
- 3.5.5.2.** The Insurance Object under this complementary insurance cover may be a dog or cat from 6 months to 12 years old. The dog must be registered in the Animal Register of the Agricultural Data Centre of the Republic of Latvia, registration is not mandatory for a cat;
- 3.5.5.3.** a precondition for recognizing an accident to be an insured event is a certified veterinarian's conclusion regarding the pet's cause of death.
- 3.5.6. Loss of rental income:**
- 3.5.6.1.** Not exceeding the Indemnity Limit defined for this complementary insurance cover in the concluded Insurance Contract, BTA will pay Insurance Indemnity for loss of rental income, when it is caused by damages, destruction or loss of the insured real estate as a result of occurrence of the insured risks;

- 3.5.6.2.** demonstrable rental income will be reimbursed from the moment of occurrence of the insured event, if living in the real estate is not possible, until the insured property is fully restored, but not longer than 12 months after the occurrence of the insured event in the case of the Fire risk occurrence, while the maximum reimbursement period in the case of occurrence of other insured risks shall be 1 month;
- 3.5.6.3.** rental income shall not be reimbursed if the Insurance Object is not going to be restored;
- 3.5.6.4.** rental income shall be reimbursed according to the rental market average amounts for rental of an equivalent real estate, but not exceeding the rental fee specified in the rental agreement.
- 3.5.7. Credit repayment compensation:**
 - 3.5.7.1.** BTA will pay Insurance Indemnity in the amount of the mortgage loan payment for the insured real estate, if its damage, destruction or loss has occurred as a result of the Fire risk occurrence and dwelling therein is not possible;
 - 3.5.7.2.** the demonstrable mortgage loan payment will be reimbursed starting from the moment of occurrence of the insured event and until the moment when the insured property is fully restored, but not longer than 6 months after the occurrence of the insured event and the indemnity limit shall be EUR 3,000 per a single insured event;
 - 3.5.7.3.** the mortgage loan payment shall not be reimbursed, if the regular mortgage loan payment before the insured event had not been made.
- 3.5.8. Extended warranty:**
 - 3.5.8.1.** During the extended warranty period, BTA will indemnify for losses due to product defects, which would be considered as warranty cases according to the manufacturer's warranty.
 - 3.5.8.2.** The extended warranty cover takes effect at the end of the manufacturer's warranty period and shall be valid for another two years (24 months), ensuring indemnity in the case of an internal breakdown, when the Insurance Object needs a repair that meets the warranty repair provisions;
 - 3.5.8.3.** eligible to such insurance shall be electronic devices (household appliances, electrical devices, electronic devices, computer equipment) that have been purchased new, without defects, with the manufacturer's warranty of not less than 24 months, and are used in the household;
 - 3.5.8.4.** precondition for recognizing a case of warranty shall be submission of documents confirming the fact, the place and the date of the purchase of goods;
 - 3.5.8.5.** losses shall not be reimbursed if the damages are caused by improper operation, non-compliance with the manufacturer's instructions, or by external influence;
 - 3.5.8.6.** no indemnity will be paid for replacement parts subject to normal wear, or if the device has been subject to unauthorized repairs, modifications or alterations.

4. EXCEPTIONS IN PROPERTY INSURANCE

- 4.1. It shall not be regarded an Insured Event and no such losses will be indemnified, occurring:**
 - 4.1.1.** as a result of continued gradual processes (e.g., natural depreciation, corrosion, deterioration, oxidation, scale, putrefaction, mould formation, fungus damage, natural impact of humidity or light, changes in colour, changes in odour, dust, waste, soot, dirt, changes in air temperature or humidity, exposure to atmospheric conditions, exposure to chemicals, drying or desiccation, evaporation, changes in the material structure or finishing);
 - 4.1.2.** as a result of insured real estate foundation settling, as a result of displacement or cracking of the insured real estate;
 - 4.1.3.** as a result of soil freezing;
 - 4.1.4.** as a result of moving volumes of ice or snow (e.g. by ice or snow sliding to the roof sides and falling from them);
 - 4.1.5.** as a result of the action of pests, rodents or other animals;
 - 4.1.6.** as a result of violation of Insurance Object operation requirements set forth in the Insurance Object operation instructions or the effective regulatory enactments of the Republic of Latvia using the Insurance Object for unauthorised purposes or in an unauthorised way;
 - 4.1.7.** as a result of such repair, renovation, reconstruction, construction or demolition works performed in

- the Insurance Object, the initiation and performance of which, in accordance with the effective regulatory enactments of the Republic of Latvia, requires approval from a responsible state or municipal institution;
- 4.1.8.** as a result of errors made in calculations, floor-planning or construction design of the Insurance Object, as well as use of poor-quality or unsuitable construction materials;
 - 4.1.9.** as a result of repair, renovation, reconstruction, construction or demolition works performed outside the Insurance Object, although, losses shall be subject to indemnity, when such works result in any of the risks specified in Articles 3.1.1 and 3.1.2.
 - 4.1.10.** as a result of interruption in the supply of water, gas, electricity, fuel or other energy resource, if such interruption has not resulted due to occurrence of an insured event;
 - 4.1.11.** damage or loss of computer files and software, except for the case specified in Article 3.4.1.2;
 - 4.1.12.** to the Insurance Object, which directly or indirectly has been caused or facilitated by any use of computer, computer system, software, computer code, or any other electronic system as means to cause harm, neither shall be compensated any losses caused by computer viruses;
 - 4.1.13.** as a result of malicious intent or fault, that in terms of reimbursement for losses and other civil liability consequences equals malicious intent, of the Insured, the Policyholder, Authorized User or Beneficiary;
 - 4.1.14.** as a result of environment pollution, littering or poisoning, as well as with respect to environmental damage;
 - 4.1.15.** as a result of impact of asbestos and its compounds;
 - 4.1.16.** to electrical equipment (e.g., boiler, pump, TV, household appliances) due to electricity supply interruptions (accident or power outage), electrical power impact, including damages caused due to overvoltage, overload, short circuit, bad contact, damage of gauges, regulator or safety equipment, or secondary effects of lightning and their consequent electromagnetic fluctuations;
 - 4.1.17.** to real estate and Moveable Property caused without impact of an external force, due to its internal damage, or as a result of operation, maintenance, transformation or repair of the Moveable Property;
 - 4.1.18.** as a result of changes in the groundwater level or overflow in waste-water or sewer collection systems, or roof drain pipes;
 - 4.1.19.** to the Insured Object due to damages, the compensation of which is the duty of the manufacturer, service provider, construction contractor or supplier in accordance with the regulatory enactments or a contract (e.g., manufacturer's warranty);
 - 4.1.20.** within the real estate, if any economic activity, not agreed upon with BTA, is carried out therein;
 - 4.1.21.** in relation to damage or total loss of the real estate, Moveable Property or its parts, which intentionally are subjected to treatment or processes, involving the use of fire;
 - 4.1.22.** due to overheating, melting, smouldering or scorching, when that has not occurred as a result of a Fire;
 - 4.1.23.** to internal combustion engine, if caused by the explosions, occurring in the combustion chamber;
 - 4.1.24.** to Moveable Property being left outside, if such moveable property is not designed to be kept outside;
 - 4.1.25.** in relation to Mysterious Disappearance of Moveable Property due to reasons other than burglary or robbery;
 - 4.1.26.** from leakage of liquid or steam, caused by tests, overload or pressure changes;
 - 4.1.27.** resulting from penetration of atmospheric precipitation (for example, water, hail, snow) into the building through roof, windows, doors, building joints, foundation, waterproofing finish and other constructions;
 - 4.1.28.** due to accidents, clogging, freezing up of pipes outside the building or failure to drain liquid;
 - 4.1.29.** regarding expert examinations or any other inspections commissioned by the Policyholder or the Insured, compensation of which is not directly provided in these Terms and Conditions or in the concluded Insurance Contract;
 - 4.1.30.** if the Insured or Policyholder has failed to maintain roofs of the buildings/constructions in technical order by regularly cleaning the roofs from snow or ice and preventing accumulation of snow and/or ice;
 - 4.1.31.** as a result of waves, gravitational forces of high and low tides, as well as from predictable flood – spring flooding. Pursuant to these Terms and Conditions, a predictable flood – spring flooding is considered flooding, which has appeared at the effective area of the Insurance Contract more often than once in the last 10 years;
 - 4.1.32.** related to indirect expenses, lost profits and payments for utility services;
 - 4.1.33.** as a result of soil erosion, sedimentation, earth crust and earth surface movement (earthquake) or tsunami, unless when it is caused by an earthquake of higher than 4 on the Richter scale;

- 4.2.** In accordance with these Terms and Conditions, land shall not be insured, neither buildings that are in critical condition or are established as not suitable for use, or have been built without meeting requirements of the effective regulatory enactments of the Republic of Latvia, including unauthorised construction.
- 4.3.** Unless it is stipulated otherwise in the concluded Insurance Contract, then, upon insuring a real estate, the concluded Insurance Contract shall not be valid with respect to:
- 4.3.1.** water or other liquids in pipes, pools or wells of the insurance object;
 - 4.3.2.** greenhouses;
 - 4.3.3.** bridges, footbridges, piers, anchorages, structures on water (in water);
 - 4.3.4.** real estates (or parts thereof) that have not been put into operation in accordance with the procedure set forth in the effective regulatory enactments of the Republic of Latvia, are in critical condition or are considered as not suitable for use, or have been built without meeting requirements of the effective regulatory enactments of the Republic of Latvia, including unauthorised construction (prior to signing the Insurance Contract, the Policyholder is obliged to inform BTA if the real estate to be insured is in critical condition or is established not suitable for use, or unauthorised construction has been carried out therein, or the Insurance Object has been built without meeting requirements of the effective regulatory enactments of the Republic of Latvia).
- 4.4.** Unless it is stipulated otherwise in the concluded Insurance Contract, then, upon insuring Moveable Property, the concluded Insurance Contract shall not be valid with respect to:
- 4.4.1.** animals;
 - 4.4.2.** land vehicles (including electric vehicles), watercraft and aircraft, special self-propelled machinery, as well as their accessories;
 - 4.4.3.** construction materials, including not installed utilities, except for the case specified in Article 3.3.11;
 - 4.4.4.** pumps submerged in water basins, boreholes and wells;
 - 4.4.5.** guns, their components and equipment, ammunition, explosives;
 - 4.4.6.** computer software, except for the case specified in Article 3.4.1.2, licences, digitally preserved information, databases;
 - 4.4.7.** cash, securities, bonds, documents, manuscripts, drawings, paintings, plans, card files, payment cards and other means of payment;
 - 4.4.8.** medicines, alcohol, tobacco products, hygiene products, cosmetics, household perfumery and foodstuffs, except for the case specified in Article 3.4.1.3;
 - 4.4.9.** particularly valuable items (particularly valuable items are antique items, i.e. items that are made not earlier than 70 years ago as of the day of the Insurance Contract conclusion, and exclusive articles, i.e. articles not containing precious metals, precious or semi-precious stones, though, the value of which is not less than EUR 1,000), paintings, unique items, prototypes, collections (collections are batches of homogeneous items possessing scientific, cultural and historical, or artistic value or that are collected for non-commercial purposes);
 - 4.4.10.** jewellery (for the purposes of these Terms and Conditions, jewellery shall be considered articles of precious metals and their products, including gold-plated or silver-plated or similarly treated objects), precious and semi-precious stones, except for the case specified in Article 3.3.10.

5. SAFETY REQUIREMENTS

- 5.1.** Throughout the entire effective period of the Insurance Contract, the Policyholder, the Insured and the Authorized User shall be obliged to exercise due care in managing and using the insured property, comply with the safety requirements set forth in regulatory enactments, the safety requirements listed below and additional safety requirements set by BTA:
- 5.1.1.1.** chimneys and flues shall be cleaned at least once a year,
 - 5.1.1.2.** use of open fire, burning of waste and debris is permitted only in places specially insulated and equipped for such purposes. After finishing the work, the fire shall be carefully extinguished;
 - 5.1.1.3.** only appropriately qualified persons are entitled to work with open fire and perform fire-hazardous work;
 - 5.1.1.4.** wiring works and electric equipment repairs may be carried out only by respectively qualified persons;
 - 5.1.1.5.** it is forbidden to leave a burning fireplace, convector, candles or other fire-hazardous sources without supervision or under supervision of minors;
 - 5.1.1.6.** it is forbidden to smoke in bed or premises where inflammable items or materials are situated, or in places where inflammable liquids, gases, substances or explosives are stored;

- 5.1.1.7.** it is forbidden to set fire to dead grass near the insurance object;
 - 5.1.1.8.** it is forbidden to leave a burning stove, range, fireplace or furnace, except for central heating boilers, unattended;
 - 5.1.1.9.** it is forbidden to burn candles fixed in a spruce-tree;
 - 5.1.1.10.** it is forbidden to use electric wires with damaged insulation, damaged sockets and switches, as well as non-standard fuses and fuses that do not match the mains voltage;
 - 5.1.1.11.** it is forbidden to cover switched on electric radiators, as well as to place items on them;
 - 5.1.1.12.** water supply, heating and sewer systems in the insured real estates, which are not heated during the heating season or where the air temperature is below 0 °C, shall be drained of liquid;
 - 5.1.1.13.** as regards plumbing running inside or outside the insured real estate, in order to prevent bursting of pipes due to freezing, their operating technical mode standards shall be complied with in accordance with climatic conditions.
- 5.1.2.** The following requirements shall be in effect regarding the safety measures (locks, keys, alarm system):
- 5.1.2.1.** if a key is lost or is illegally acquired by a third party, the lock shall be immediately changed;
 - 5.1.2.2.** if there is an alarm system, when leaving the real estate, it shall be in working order and activated.
- 5.2.** In case of failure to comply with the above-mentioned safety requirements due to a minor negligence, the Insurance Indemnity calculated in accordance with the procedure specified in the concluded Insurance Contract shall be reduced by 20%.
- 5.3.** If the safety requirements specified in this Section are not complied with due to gross negligence or malicious intent, the Insurance Indemnity shall not be granted.

6. CONDUCT OF THE POLICYHOLDER, THE INSURED, THE BENEFICIARY AND THE AUTHORIZED USER OF THE PROPERTY UPON OCCURRENCE OF A POTENTIAL INSURED EVENT

- 6.1.** Upon detecting an occurrence of a probable insured event, the Policyholder, the Insured, the Beneficiary or the Authorized User is obliged, and it is also the precondition for receiving the Insurance Indemnity, to fulfil the following obligations:
- 6.1.1.** take all the measures in order to prevent or reduce further damages, as well as comply with BTA instructions as regards reducing the damage caused by the occurrence of a potential insured event;
 - 6.1.2.** to immediately inform the State Fire and Rescue Service if the potential insured event has occurred due to a Fire, as well as inform other state authorities in the events set forth in the effective regulatory enactments of the Republic of Latvia (e.g., the State Police, the Emergency Gas Service);
 - 6.1.3.** to immediately inform the building manager (if there is one) or responsible services in the event of liquid or steam leakage;
 - 6.1.4.** immediately, as soon as possible, to inform BTA about the occurrence;
 - 6.1.5.** immediately ensure the possibility for BTA to inspect the place of the potential insured event, carry out examinations and interview witnesses so that BTA could determine the causes of the damage and its scope;
 - 6.1.6.** as much as possible, to leave the scene untouched until a representative of BTA arrives and draws up an inspection report except for the event referred to in Article 6.1.7 of these Terms and Conditions;
 - 6.1.7.** if the insurance object cannot be preserved without changing its condition after the accident due to justified reasons, to ensure that the damaged Insurance Object is photographed or filmed as soon as possible so that its damages are registered and submit the pictures or the video recording to BTA by e-mail atlidziba@bta.lv or in another way approved by BTA;
 - 6.1.8.** to preserve the salvaged useful remains of the damaged Insurance Object and, upon request of BTA, submit them to BTA for the examination period (if such examination will be required);
 - 6.1.9.** submit all information and documents requested by BTA, including those containing commercial secrets, or health data of a physical person, if they are available to the Policyholder, the Insured or the Beneficiary, so that BTA can determine the causes of the potential Insured Event and the scope of damage;
 - 6.1.10.** Upon occurrence of a potential insured event and calling BTA Customer Support Service hotline +371 26121212, one can receive instructions regarding the conduct of Policyholder, Insured, Beneficiary or Authorized User. Accurate fulfilment of these instructions is a precondition for being granted Insurance Indemnity.

7. INSURANCE INDEMNITY

- 7.1.** The amount of the insurance indemnity for real estate getting damaged or destroyed is determined by defining the amount of losses to be compensated less the deductible specified in the insurance contract and taking into account the following:
- 7.1.1.** the amount of actual losses to be compensated is determined, i.e., the amount required to restore the Insurance Object to the condition it was in before the occurrence of the insured event, including design, construction supervision, author's supervision, demolition, construction waste collection and storage expenses. Loss assessment is carried out in accordance with the actual renovation works estimate, costs and prices no later than 6 months after the occurrence of the insured event. Overtime hours, working hours on holidays and other similar expenses are not taken into consideration.
In accordance with these Terms and Conditions:
- 7.1.1.1.** demolition and construction waste collection expenses are considered justified expenses for real estate demolition, construction waste collection and territory cleaning works related to the insured event;
- 7.1.1.2.** expenses on saving the insured object are considered justified expenses that have been incurred to prevent or reduce further damages or losses of the insurance object upon occurrence of the insured event. BTA will compensate for such expenses even in case the taken rescue measures have not achieved the expected result.
- The maximum Insurance Indemnity for expenses specified in Articles 7.1.1.1 and 7.1.1.2 will be 10% of the Sum Insured of the damaged real estate or the value of the damaged real estate, whichever of these amounts is lower. The amount of these expenses shall not be included in the Sum Insured;
- 7.1.2.** Under-insurance is established when the Sum Insured is at least by 15% lower than the value of the Insurance Object;
- 7.1.3.** the amount of indemnifiable losses for the insured real estate if the state of physical depreciation exceeds 40%, is determined at the Actual Value;
- 7.1.4.** if it is not possible to determine the value of the Insurance Object, the indemnifiable losses are calculated by establishing the proportion of the destroyed elements of the insured real estate and multiplying it by the Sum Insured. This procedure is not applied in the event of Over-insurance;
- 7.1.5.** In case of total loss of the Insurance Object, or in the case when the Insurance Object is not going to be restored, BTA will set the Insurance Indemnity amount, based on the Market Value or Actual Value of an equal object as it was just prior to the insured event, by paying the amount whichever is lower;
- 7.1.6.** if Insurance Indemnity has been paid on the basis of the Market Value, but restoration works are conducted, BTA shall pay the difference, which is calculated from the actual expenses of the construction works, less the amount of the disbursed Insurance Indemnity.
- 7.1.7.** Restoration works must be performed within 2 years from the moment of occurrence of the insured event;
- 7.1.8.** no indemnity shall be paid for damage to or loss of decoration, the wear and tear of which exceeds 80%.
- 7.2.** If the insured real estate is the joint ownership of several persons and is not divided into actual shares, i.e., each of the persons owns certain share of property rights, the losses as regards damages or losses of the property of joint ownership are reimbursed in proportion to the joint ownership share owned by the Insured.
- 7.3.** The insured real estate shall be considered as totally lost, if its damage exceeds 70% of the Actual Value of the insured real estate.
- 7.4.** When calculating the Insurance Indemnity, overhead costs of construction company are included in the Insurance Indemnity, including taxes imposed on the repair or renovation works on the insurance object, only in cases, if BTA receives evidence of that the Insured has paid such costs.
- 7.5.** If only the glazing of the real estate is damaged, the deductible shall be EUR 0.
- 7.6.** The amount of actual losses determined by BTA for the damage or loss of the insurance object or a part thereof that was built from materials which at the moment of calculating the loss are not available on the market or use of which pursuant to the effective regulatory enactments is forbidden is equal to the minimum amount required to restore the damages or lost Insurance Object or a part thereof using materials equivalent to the damages or lost material in terms of construction characteristics and shape.
- 7.7.** When paying out the insurance indemnity the value of the Moveable Property is determined according to its Replacement Cost, which is equal to the lowest acquisition costs of the same type and similar quality Moveable Property (including transportation, design and installation/assembly costs) just before the occurrence of the Insured Event, or the lowest costs required to restore the insured Moveable Property in the quality and to

the extent it was just before the occurrence of an insured event, unless it is stipulated otherwise in the Insurance Contract.

7.8. The amount of the insurance indemnity for moveable property damage or destruction is determined in accordance with the following procedure:

7.8.1. in the event of damages to moveable property, when restoration is possible:

7.8.1.1. the actual amount of losses is determined, i.e., the amount required to restore the insurance object to the condition it was just before the insured event,

7.8.1.2. the insurance indemnity is equal to the actual loss amount less deductible;

7.8.1.3. if moveable property is insured as separate items and it is established that the sum insured is lower than the value of the insured property, the under-insurance principle is applied, i.e., the actual loss amount is multiplied by the proportion between the sum insured and the value of the insurance object, less the deductible;

7.8.2. in the event the Moveable Property is destroyed or lost (the insured Moveable Property is considered destroyed (total loss) if the damage fixing costs exceed the difference between the values of the insured Moveable Property before and after the insured event), in compliance with the terms and conditions of the concluded Insurance Contract regarding the deductible, BTA is entitled:

7.8.2.1. to replace the destroyed Insurance Object with an equivalent by taking over the remains of the insurance object – in such case, before replacing the property, the Insured shall submit to BTA the remains of the destroyed Insurance Object and pay the deductible specified in the concluded Insurance Contract to BTA,

7.8.2.2. to pay out the Insurance Indemnity amounting to the value of the Insurance Object it was just before the occurrence of an insured event and collect the remains of the Insurance Object,

7.8.2.3. to pay out the insurance indemnity as a difference between the value of the insurance object before and after the insured event and, not collecting the remains of the insurance object.

7.9. The amount of indemnifiable losses for the insured Movable Property, which is not older than 3 years, is calculated in accordance with the procedure specified in Articles 7.7 and 7.8 of these Terms and Conditions, without reducing them by the amount of depreciation. The age of Movable Property is calculated from the year of purchase to the year of the accident.

7.10. Amount of depreciation for Moveable Property, which is not insured in accordance with the Replacement Cost principle, shall be determined in the amount, indicated below, per year:

| Groups of Moveable Property | % |
|--|----|
| Electrical appliances | 15 |
| Furniture and interior items (including built-in furniture, carpets, work tools (not power-tools), workbenches) | 5 |
| Computers and their accessories (including printers, scanners, computer audio equipment, external memory blocks, modems) | 20 |
| Sport and recreational equipment (including bicycles, exercise equipment, skis, musical instruments, fishing equipment) | 10 |
| Footwear and clothing (including furs, glasses, watches) | 20 |
| Other moveable belongings, not included in the above listed groups | 10 |

7.10.1. The amount of depreciation for the Moveable Property listed below shall be calculated starting from the fourth month from the date of purchase and be the following amount per 1 month:

| Moveable property | % |
|---|---|
| Telephones, their accessories, tablets, smart watches | 3 |

7.10.2. Upon determining Insurance Indemnity for Moveable Property, except for telephones, their accessories, tablets, smart watches, depreciation of not more than 70% shall be applied, if the Moveable Property is in operating order and is being used daily.

7.11. The value of Movable Property just before the insured event is calculated as the purchase cost of that Movable Property, less the depreciation specified in Article 7.9.

- 7.12.** If BTA has made a decision to reimburse the Insured for the losses caused due to the insured event by covering the Moveable Property repair costs and the Insured refuses to receive repair services at the service centre offered by BTA or to replace the lost or damaged Moveable Property with an equivalent, BTA is entitled to pay out the insurance indemnity in the amount of Moveable Property repair or replacement costs it would have cost to BTA.
- 7.13.** In the case of loss or total loss of all items, insured as an aggregate of items, the Insurance Indemnity may not exceed the Indemnity Limit or sublimit, if such has been defined, which is set for the aggregate of items.
- 7.14.** If Burglary or Robbery of Moveable Property has occurred, whereby Insurance Indemnity is paid and then the Insurance Object is found afterwards, then BTA shall be entitled to request and be refunded the disbursed Insurance Indemnity or to acquire the property rights to the Insurance Object. If BTA has made a decision not to keep the found Insurance Object, but the found Insurance Object is damaged, then, when refunding the received Insurance Indemnity to BTA, the Insured shall deduct the expenses necessary for the repair of the found damaged Insurance Object in the amount agreed upon with BTA.
- 7.15.** Unless otherwise specified in the Insurance Contract, the Deductible for Moveable Property Insurance Objects: mobile phone, smartwatch, tablet computer, laptop, photo equipment shall be EUR 140 per each unit. BTA will pay Insurance Indemnity for the damage / total loss / loss of up to 2 items of Movable Property specified above during a 12-month Insurance Period.
- 7.16.** The Insurance Indemnity shall be reduced by the amount, paid to the Insured for damages due to the insured event by the third party responsible for these damages. The Insured is obliged to notify BTA if such amounts are received. If damages thus caused to the Insured are completely indemnified, the Insured is not entitled to claim Insurance Indemnity for the respective insured event. If such amount is paid after receiving Insurance Indemnity, the received Insurance Indemnity shall be paid back by the Insured to BTA.
- 7.17.** BTA will pay Insurance Indemnity without exceeding the Sum Insured and the Indemnity Limit set forth in the Insurance Contract.
- 7.18.** BTA is entitled to determine the indemnification manner at its own discretion:
- 7.18.1.** by paying the amount of loss, calculated in accordance with the Insurance Contract terms, in cash;
 - 7.18.2.** by paying for the repair of the damaged insurance object;
 - 7.18.3.** replacing the insurance object with an equivalent object.
- 7.19.** BTA is entitled to appoint the provider of restoration services for the insured object. Upon written consent of BTA the Insured can choose a different service provider, who will perform restoration works on the insured object. If the Insured wants the restoration of insured object to be done by the service provided, chosen by the Insured, and the calculated costs of restoration of the insured object exceed the costs, offered by the service provider, appointed by BTA, for the restoration services, then BTA is entitled to determine the indemnity, based on the cheapest offer of the provider of restoration services.
- 7.20.** The deductible is not deducted if, when paying out the indemnity, BTA is entitled to collect the loss in full from the insurance company registered in the Republic of Latvia in accordance with the compulsory civil liability insurance of owners of motor vehicles. In the event when paying out the indemnity BTA is entitled to collect the loss in full from an insurance company registered abroad, the deductible is deducted until the losses are compensated in full, then the deductible is refunded to the Insured or Beneficiary.
- 7.21.** If one accident, an insurance event, results in several damaged insured objects, then BTA applies one largest deductible, which is specified in the insurance contract.
- 7.22.** Losses caused by Natural disasters, which have been occurring for 72 hours or longer without interruptions and resulted in damage of several Insured Objects, shall be considered as a single insured event.
- 7.23.** BTA is entitled to withhold the unpaid Insurance Premium from the estimated amount of indemnifiable losses. In the case of a total loss of the Insurance Object, BTA withholds the Insurance Premium in full for the current effective year of the Insurance Contract.
- 7.24.** Insurance Indemnity shall be paid to the Beneficiary in the case when the Policyholder is at the same time the Insured and all the provisions defined in the Insurance Contract Law for being granted insurance indemnity.

II CIVIL LIABILITY INSURANCE

The provisions of this Chapter shall apply to civil liability insurance.

8. INSURANCE OBJECT AND INDEMNIFIABLE LOSSES

8.1. Insurance Object – third party liability of the Insured for losses as a result of its Unlawful Activity incurred to Third Party.

8.2. Indemnifiable Losses – in accordance with the concluded Insurance Contract the following losses shall be indemnified:

8.2.1. Losses for harm inflicted to Third Party's health:

8.2.1.1. Medical treatment of Third Parties – losses in regard to medical treatment of Third Parties (delivering, placement and staying in a medical institution, for diagnostics, medical

treatment and rehabilitation, personal care, purchase of medical products and medical nutrition, home medical treatment, including transport fees, occurred upon visiting medical institutions), as well as prosthetics, endoprosthesis and purchase or lease of technical aids;

8.2.1.2. Temporary loss of labour capacity – losses in regard to Third Party's temporary loss of labour capacity:

- Third Party's lost income at the time of loss of labour capacity confirmed by a medical practitioner – sum of money, composed of Third Party average earnings for the time of loss of labour capacity confirmed by a medical practitioner calculated according to the procedure established within regulatory enactments, which regulate employment relationships, after deduction of allowances and compensations granted to Third Party upon damage to health according to the procedure established within regulatory enactments;
- Losses incurred by the injured Third Party's employer in the amount of the disbursed medical sick leave allowance risk for the time of temporary loss of labour capacity, approved by the loss of labour capacity certificate, and the paid personal income tax and compulsory social insurance contributions for the time of temporary loss of labour capacity.

8.2.1.3. Loss of labour capacity – losses in regard to Third Party's loss of labour capacity:

- Third Party's income gap defined upon subtraction of received employment income (should there be any) and the pensions granted from state social insurance budget and allowances received from state and municipality budget from the calculated lost income according to the procedure mentioned in "Temporary loss of labour capacity";
- Third Party's, who is a full-time student of a higher education establishment and who is unable to continue his / her full-time studies due to loss of labour capacity, in the amount of difference between the part-time attendance fee in an accredited higher education establishment and the fee, payable for full-time studies in an accredited higher education establishment, if the fee on part-time attendance in an accredited higher education establishment is higher than the fee, payable for full-time studies in an accredited higher education establishment;
- Third Party's, who has an opportunity to acquire a profession in order to gain income from the work, which is compatible with the current medical condition thereof, losses in the amount of study fee and other reasonable expense related to obtaining professional education in the Third Party's country of residence.

8.2.2. Losses in regard to person's death:

8.2.2.1. Burial – actual burial expenses supported by documentary evidence. A person, having undertaken the burial and presented the death certificate, as well as submitted the documents evidencing the fact of burial, is eligible to indemnification for loss on Third Party burial;

8.2.2.2. Losses deriving from death of third party – losses suffered by Third Party dependants on lost part of income, to which each dependant was eligible while the Third Party was alive and from which the granted survivor's pension is subtracted. The following persons shall be considered dependants:

- Children of Third Party (adopted as well) until they reach adult age or until they study in a secondary educational establishment or until they remain full time students of a higher educational establishment, however, without exceeding 24 years of age, as well as irrespective of age if they become disabled prior to reaching adult age;
- Brothers, sisters and grandchildren of Third Party (adopted as well) until they reach 18 years of age and they do not have any other supporter displaying labour capacity or until they study in a secondary educational establishment or until they remain full time students of a higher educational establishment, however, without exceeding 24 years of age, as well as irrespective of age if they become disabled prior to reaching adult age;
- former family members, dependants of Third Parties, regarded as such in accordance with the State Pension Law.

8.2.3. Intangible damage (moral damage) – losses related to pain and mental suffering due to:

- 8.2.3.1.** the injured person's trauma;
- 8.2.3.2.** the injured person's mutilation, disability;
- 8.2.3.3.** death of supporter, dependant or spouse;
- 8.2.3.4.** group 1 disability of supporter, dependant or spouse.

Insurance Indemnity for intangible losses will be granted without a court ruling, when the amount of losses does not exceed the amount calculable according to the Cabinet regulations No. 340 "Regulations on the amount of insurance indemnity and the procedure for its calculation for intangible losses caused to a person" or regulatory enactments replacing them.

In case the Third Party wishes to receive Insurance Indemnity for intangible damage exceeding the amount of indemnity calculated in accordance with the above-mentioned regulatory enactments, the intangible damages shall be paid in the amount specified by the court, but not exceeding the liability limits specified in the Insurance Contract.

8.2.4. Losses in regard to property damage – expenses in regard to renewal of the property to the condition of the property immediately before the Insured Event.

8.2.5. Losses in regard to total loss of property (if the property is beyond repair or renewal expenses exceed 70 % of the actual property value immediately before the Insured Event) – losses amounting to the actual property value immediately before the Insured Event upon observance of the following:

8.2.5.1. in case property leftover are not submitted to BTA, then BTA shall calculate the losses amounting to the difference between the actual property value immediately before and after the Insured Event;

8.2.5.2. in case property leftover are submitted to BTA, then BTA shall calculate the losses amounting to the actual property value immediately before the Insured Event.

8.2.6. Losses arising from damage of property – losses, arising from damage of property and the resulting improbability of its further use. Subject to indemnity shall be economically substantiated and demonstrable losses, the cause of which is property damage, until the moment when the property damage has been fixed or, when economically more reasonable, indemnity will compensate the expenses for ensuring conditions to eliminate additional losses arising from the property damage.

8.2.7. Sudden and unexpected environmental pollution – direct losses, arising from an incidental, identifiable (the time and place of origin of leakage, emission, dispersion and spreading pollutants can be established), occurring without a prior intent leakage, emission, dispersion and spreading pollutants, which the Insured has become aware of within a timeframe of 72 hours since the moment of its occurrence, provided that the Insured has given a Notification of losses no later than within 7 days since the occurrence.

By pollutants shall be understood any solid, liquid, gaseous or thermal irritants or contaminants (including, but not limited to smoke, steam, soot, foam, acid, alkali, chemicals, as well as materials, which must be disposed of or recycled, remodelled, or utilized, or that are disposed of, as well as materials that are recycled, remodelled, or utilized).

Subject to indemnity will be losses with respect to carrying out the necessary and feasible measures to manage the situation by zoning off and collecting the pollutants occurring in the environment and averting other harmful factors to limit or preclude further harm to environment (arising from already occurred environmental pollution case) and adverse impact on the health of humans or deterioration of their natural resources related functions.

8.2.8. Rescue expenses – reasonable minimum expenses in regard with emergency measures to avert or reduce losses, even upon occasions when the measures appeared unsuccessful.

8.2.9. Expertise expenses – expenses on performance of expertise, prior coordinated by BTA, required to clarify the circumstances of the Insured Event or to determine the amount of loss occurred.

8.2.10. Legal expenses – expenses on services of legal nature, prior coordinated by BTA, upon settlement of a dispute related to Unlawful Activity between the Insured and a Third Party following an extrajudicial procedure or in court.

8.2.11. Litigation and legal case handling expenses:

8.2.11.1. Litigation expenses – state and registry charges ordered by the court, as well as the expenses related to consideration of the case, including but not limited to expenses related to processing of litigation documents and upholding of a claim, sums payable to witnesses and experts;

8.2.11.2. Lawyer expenses – expenses on lawyer and legal assistance services ordered by the court within their actual amount, however not more than 30% of the satisfied part on the claim upon an Insured Event;

- 8.2.11.3.** Other expenses related to legal case handling – expenses ordered by the court in regard to arrival to the court hearing, as well as to attendance of the parties or representatives thereof or in taking evidence, expenses in regard to taking written evidence, translation expenses.

9. LIABILITY LIMIT

- 9.1.** Upon conclusion of Insurance Contract, Policyholder and BTA shall agree upon the Liability Limit per a single insured event, aggregate Limit throughout the entire insurance period and the Sublimits.
- 9.2.** Upon conclusion of Insurance Contract, Policyholder and BTA may agree upon increase or decrease of the Liability Limit per a single insured event, aggregate Liability Limit throughout the entire insurance period and the Sublimit.
- 9.3. Aggregate liability limit upon the entire insurance period** – maximum Insurance Indemnity, which may be disbursed in regard to the Insurance Contract.
- 9.3.1.** Upon disburse of Insurance Indemnity, aggregate Liability Limit shall be reduced by the amount of Insurance Indemnity disbursed.
- 9.3.2.** Aggregate Liability Limit may be renewed upon conclusion of a respective annex to Insurance Contract. An additional insurance premium may be calculated for renewal of the liability limit to the initial amount.
- 9.4. Liability Limit per a single insured event** – maximum Insurance Indemnity to indemnify the losses occurred resulting from a single Insured Event.
Liability Limit per a single insured event may not exceed the aggregate Liability Limit, including upon observance of decrease of liability limit upon disbursement of Insurance Indemnity.
- 9.5. Sublimit** – maximum Insurance Indemnity intended for indemnification of the Indemnifiable Losses of a particular type.
If there is no Sublimit defined by the Insurance Contract, than all types of losses shall be indemnified upon observance of the aggregate Liability Limit and the Liability Limit per a single insured event.

10. BASIC PRINCIPLE OF INDEMNIFICATION FOR LOSSES

- 10.1.** For BTA to perform Insurance Indemnity disbursement, all the below-mentioned preconditions are required to occur:
- 10.1.1.** Illegal activities of the Insured and Indemnifiable Losses have occurred in the Insurance Territory during the Insurance Period;
- 10.1.2.** Claim is submitted for the first time within Insurance Period or within the Extended reporting period;
- 10.1.3.** Notification on losses and Insurance Indemnity Claim is submitted within Insurance Period or within the Extended reporting period.
- 10.2.** The Extended reporting period shall be 36 months after the end of the Insurance Period. If Insurance Contract is terminated prior to the end of Insurance Period, the Extended reporting period shall commence as of the moment of termination of the Insurance Contract.
- 10.3.** Notification on losses – notification by the Policyholder or the Insured to BTA in regard with a Claim lodged by a Third Party, or a legal claim filed to court, on a prospective Insured Event or Unlawful Activity, which might cause Claim lodging against the Insured.
- 10.4.** BTA shall disburse the Insurance Indemnity pursuant to the Terms and Conditions of the Insurance Contract, within the Insurance Period of which the Indemnifiable Losses incurred by Third Party occurred, if the preconditions mentioned in Article 4.1 of the Terms and Conditions have occurred.
- 10.5.** BTA shall disburse the Insurance Indemnity according to the compensation principle in the amount, which complies with the minimum expenses required to indemnify for losses, for which the Insurance Indemnity is payable in accordance with the Insurance Contract concluded without exceeding the liability limits and Sublimits provided for in the Insurance Contract and upon withholding of the Deductible provided for in the Insurance Contract.

11. EXCEPTIONS IN CIVIL LIABILITY INSURANCE

- 11.1. Insurance exceptions** – the event shall not be recognized as an Insured Event and the following shall not be indemnified:
- 11.1.1. Intoxicating substances in the body** – losses, caused by Unlawful Activity by the Insured while the Insured was intoxicated with alcohol, narcotic, psychotoxic, psychotropic or other intoxicating substances or, if presence of alcohol, narcotic, psychotoxic, psychotropic or other intoxicating substances was established in the body of the Insured;
- 11.1.2. Recurring losses** – losses recurring due to the same cause, which has already previously caused losses to BTA in the same location, indemnified by BTA;
- 11.1.3. Sources of open fire** – losses caused by the use of fireworks or other uncontrollable flying sources

of open fire;

- 11.1.4. Unauthorised construction work** – losses caused by works, should the latter require prior coordination in compliance with the effective regulatory enactments or encumbrance imposed, however, no coordination performed (construction permit, excavation permit, coordination upon construction work performance on an encumbered territory, felling permit, etc.);
- 11.1.5. Construction works** – losses, the cause of which is construction works, the performance of which requires a construction permit in accordance with the requirements of regulatory enactments;
- 11.1.6. Animals** – losses caused by farming, sports, working and entertainment, experimental animals or animals of wild species.
However, damages caused by pets are reimbursed;
- 11.1.7. Weapons** – losses arising from storage, carrying, sale, use or application of weapons, ammunition, their components, and special riot-control means (chemical substances, objects or mechanisms intended for self-defence or maintenance of public order, other than weapons);
- 11.1.8. Impact of long-term circumstances** – losses occurred resulting from a process of long-term, progressing or accumulating nature (for instance, mould, rotting, corrosion, dust, soot, smut, scent, wear or depreciation);
- 11.1.9. Infection** – losses related to any kind of organism infection by viruses or pathogens;
- 11.1.10. Violation of use of property rights** - losses deriving from unlawful use of any kind of property or information (including but not limited to violation of real estate or movable property, applications, intellectual property, patent, copyright, registered trademarks, disclosure of trade secret or competition rights);
- 11.1.11. Harmful substances** – losses incurred by explosive substances or mixes, inflammable gases, fluids or hard substances, toxic substances, mutagen substances, carcinogenic substances or persistent organic pollutants;
However, losses are indemnified when caused by gases stored or used for heating the Insured's property or for the operation of household appliances (for example, a gas cylinder for gas stove);
- 11.1.12. Contractual liability** – losses, indemnification of which was undertaken by the Insured in accordance with a contract or another agreement, if obligation to indemnify such losses was not applicable to the Insured without such a contract or an agreement, as well as no penalty fees for non-performance or incomplete performance of a contract shall be indemnified (contractual penalty fees, penalties for delay or any other similar sanctions);
- 11.1.13. Mysterious Disappearance [of Property]** – losses related to mysterious disappearance of property;
- 11.1.14. Real Estate Management** – losses arising from management of a real estate, the address of which is not specified under property insurance in this Insurance Contract;
- 11.1.15. Intangible damage** – losses incurred as a result of an infringement of such intangible rights or intangible assets of a Third Party, resulted other than from pain and mental suffering due to injury, mutilation, disability or death of the affected person;
- 11.1.16. Pollution** – losses related to harm caused to ecology or biodiversity, or an environmental pollution, which is not sudden and unexpected (the time or place of origin of leakage, emission, dispersion and spreading pollutants cannot be established);
- 11.1.17. Cracks** – losses related to cracks in the structure or in some of its structural elements;
- 11.1.18. Related Parties** – losses incurred by:
- a) the Policyholder, the Insured, the Beneficiary;
 - b) relatives of the persons referred to in subsection a) of this Article to the third degree, the spouse and their in-laws to the second degree;
 - c) the persons, with whom the persons referred to in subsections a) and b) of this Article share a household;
 - d) relatives of the persons referred to in subsection a) of this Article to the third degree, the spouse and their in-laws to the second degree) directly or indirectly own more than 50 per cent of the value of the equity capital or shares of the commercial company or co-operative society or the qualifying holdings in the commercial company or co-operative society is ensured under a contract or otherwise;
- 11.1.19. Penalty fees** – penalty fees, disciplining or repressive sanctions and other similar payments, since obligation to pay thereof derives from regulatory enactments;
- 11.1.20. Use of vehicles** – losses, occurred due to the use of mechanic land vehicles, railway vehicles, rail vehicles, watercraft, aircraft (including unmanned aerial vehicles), spacecraft, and their additional equipment or trailers.

However, losses shall be indemnified, when occurring from the use of vehicles or equipment intended for travel on land or water using the muscular power of the person in or on it (including, but not limited to: bicycles, boats, windsurfs, etc.) as well as losses, arising from the use of land motor vehicles with a power not exceeding 2 kW and the top speed not exceeding 20 km/h;

11.1.21. Entrusted Property – losses, occurred in regard to damage to property submitted for usage, holding, possession, caring for, supervision or storage.

However, losses shall be indemnified, when damage is inflicted to short-term rental vehicles or sports or recreational equipment (such as bicycles, boats, windsurfs, land motor vehicles with a power not exceeding 2 kW and the top speed not exceeding 20 km/h, etc.);

11.1.22. Economic activity or professional services – losses arising from a product manufactured or sold by the Insured, services or consultations of any kind provided by the Insured, for remuneration or without it.

However, losses shall be indemnified, when arising from the management of the real estate covered by this Insurance Contract, although not from the management of multi-apartment residential buildings or the management of a property where economic activity is performed.

12. CONDUCT, RIGHTS AND OBLIGATIONS OF THE POLICYHOLDER, THE INSURED, AND BTA UPON OCCURRENCE OF A POTENTIAL INSURED EVENT

12.1. The following shall be deemed as obligation of the Policyholder and the Insured upon toleration of an Unlawful Activity or upon occurrence of a prospective Insured Event:

12.1.1. immediately, as soon as possible, to submit Notification on potential losses to BTA:

12.1.2. upon coordination with BTA, to undertake all possible reasonable measures in order to avert or reduce the losses incurred or contingent, which might give occasion to Claims by Third Parties. If due to reasons beyond the Policyholder's or the Insured's control it is impossible to notify BTA of the necessity to make immediate payments, which might avert or reduce the losses incurred or contingent, the Policyholder or the Insured has to make immediate payments to avert or reduce the losses incurred or contingent without coordination with BTA;

12.1.3. immediately after receipt thereof, to submit to BTA all the documents related to the claim on indemnification for loss received from Third Parties (claims, subpoenas and invitations to appear before the court or participate in the court proceedings, etc.), as well as to submit to BTA all the information available and information requested by BTA, which provides for estimation on the reasons, nature and amounts of the losses incurred;

12.1.4. to the extent possible, to enable BTA to take part in the process of establishing the causes and the amount of losses;

12.1.5. at the request of BTA, to grant BTA with rights to obtain the documents or copies thereof required by BTA and rights to represent the Policyholder of the Insured in court or other authorities;

12.1.6. to participate in the procedural investigative measures and the court proceedings related to a claim by a Third Party against the Insured for the losses incurred resulting from unlawful activity by the Insured. If malicious intent or gross negligence by the Insured was the reason not to participate in procedural investigative activities or legal proceedings, the Insured shall indemnify to BTA for loss caused due to this action or omission.

12.2. BTA is entitled to refuse to pay Insurance Indemnity and terminate the Insurance Contract unilaterally without refunding the Insurance Premium, if the Insured has maliciously or due to gross negligence failed to complete any of the above activities. The consequences mentioned in case of failure to act as provided for in Article 12.1.6, if in the result of actions by the Insured it is impossible to clarify completely the circumstances of the accident, which was the basis for a claim by Third Party or to perform the procedural activities required in order to reject the claim by Third Party reasonably.

12.3. Policyholder and the Insured are hereby obliged to provide the information in writing upon request by BTA, i.e., signed personally in hard copy or in the format of an electronic document, signed with a secure electronic signature.

12.4. BTA is entitled to, however is not obliged to take over and to consider and handle any Complaint on behalf of the Insured, or to settle by compromise at any stage of consideration or in any degree of jurisdiction, as well as to file a legal claim and to represent the interest of the Insured in court. BTA enjoys operational autonomy upon selection of the way and the strategy to handle the claim, while the Policyholder and the Insured is obliged to provide BTA with all the information required or help in regard with handling these processes.

12.5. BTA is entitled at any stage of consideration of a Complaint by Third Party to advice the Insured or the person authorized thereby to settle a certain Complaint at a fixed sum of money.

13. INSURANCE INDEMNITY DISBURSEMENT PROCEDURE

- 13.1.** To provide BTA with the opportunity to consider a prospective Insurance Claim Case and to disburse the Insurance Indemnity, BTA has to submit the following documents:
- 13.1.1.** Insurance Indemnity Application completed by the Insured;
 - 13.1.2.** Complaint by Third Party;
 - 13.1.3.** all the documents received from Third Party in regard with the Insured Event;
 - 13.1.4.** other documents, such as:
 - 13.1.4.1.** documents to justify the liability of the Insured or to acknowledge the Insured not guilty;
 - 13.1.4.2.** documents to explain the reason of losses (explanatory notes by the Insured, etc.);
 - 13.1.4.3.** documents to justify the Unlawful Activity by the Insured;
 - 13.1.4.4.** documents to record the fact of losses (photo, accident location inspection statements, expert's statement, etc.);
 - 13.1.4.5.** documents to justify the amounts of losses and reduction thereof or aversion expenses (estimates, invoices, receipts or other documents to substantiate the amounts of losses or the costs of services).
- 13.2.** Policyholder or the Insured shall provide BTA with all the information and documents requested by BTA, including the documents, containing commercial secret or personal data of special category, should the latter be at the Policyholder's or the Insured's disposal, so that BTA is able to determine the reasons of the possible Insured Event and the amount of losses insured;
- 13.3.** Upon calculation of the amount of Insurance Indemnity, BTA is entitled to reduce it for the unpaid part of Insurance Premium if the Insurance Policy provides for Insurance Premium payment in instalments.
- 13.4.** If upon an Insured Event the losses were incurred to several Third Parties and the amount of losses exceeds the Liability Limit per a single insured event, BTA shall disburse the Insurance Indemnity according to the sequence of submission of Complaint and the documents justifying the Complaint up to the moment, when the sum of disbursed Insurance Indemnities reaches the Liability Limit per a single insured event.
- 13.5.** All the Insurance Indemnities related to the Insurance Contract shall be considered by BTA according to the sequence of submission thereof up to the moment when the sum of disbursed Insurance Indemnities reaches the aggregate Liability Limit for the entire insurance period.
- 13.6.** If upon an Insured Event liability of several persons is established, BTA shall disburse the Insurance Indemnity proportionally as by the degree of the Insured's liability.
- 13.7.** If Third Party's losses were indemnified by other persons, who took over Third Party's claim rights against the Insured based on any kind of grounds (for instance, subrogation, cession), BTA shall consider the Insurance Indemnity pursuant to the same procedure as should the Claim be received from the Third Party. Expenses in regard to transfer of Third Party's claim rights shall not be considered indemnifiable losses.
- 13.8.** If third party liability of the Insured is insured by the several insurers, BTA shall disburse the Insurance Indemnity proportionally the Liability Limit defined by the Insurance Contracts per a single insured event. BTA and other insurers, who insured third party liability of the Insured may agree upon a different procedure of Insurance Indemnity disbursement, if the Third Party agrees therewith.
- 13.9.** If upon an Insured Event third party liability of the Insured is insured by BTA by several Insurance Contracts, which refer to the Insured Event, liability limits defined in Insurance Contracts shall not be accumulative and the amount of Insurance Indemnity disbursed by BTA may not exceed the largest Liability Limit per a single insured event, indicated in the respective Insurance Policies.
- 13.10.** Liability Limit shall not be reduced by the amount of deductible.
- 13.11.** If Insurance Indemnities disbursed by BTA shall reach the limits specified in section "Liability Limit", BTA shall reject all reported but yet unsettled insurance claim cases, as well as all new Insurance Claims for the Insured Events that had already occurred.
- 13.12.** Insurance Indemnity shall be disbursed to Third Party. If the Insured indemnified the losses to Third Party, then Insurance Indemnity shall be disbursed to the Insured.
- 13.13.** Indemnification for litigation and legal case handling expenses shall be performed as follows:
- 13.13.1.** These expenses shall be indemnified in case Third Party's claim in regard to Unlawful Activity is met completely or partially and in accordance with terms and conditions of the Insurance Contract Unlawful Activity is acknowledged as an Insured Event.
 - 13.13.2.** In case Third Party's claim was filed to court for indemnification of such losses as well, indemnification of which is not provided for in the Insurance Contract, BTA shall indemnify the Litigation and legal case handling expenses proportionally, composed of part of indemnifiable loss of the Insurance Contract from the total claim met.
 - 13.13.3.** If Third Party does not sustain its claims in regard to the Insured has voluntarily met the claims after the case was filed, then Litigation and legal case handling expenses shall be indemnified only if the Insured prior to decision-making on meeting the claim has coordinated it with BTA.

13.13.4. In case failure to acknowledge liability on causing loss resulted in initiating litigation and BTA did not disburse the Insurance Indemnity, based solely upon the fact of denying the liability of the Insured on the losses caused, BTA shall not indemnify Litigation and legal case handling expenses as well upon occasion, if the Insured acknowledged the liability after initiation of litigation or if the court found the Insured liable for causing loss.

III GENERAL TERMS AND CONDITIONS

These Terms and Conditions shall be applied in both property and civil liability insurance.

14. INSURANCE CONTRACT: TAKING EFFECT AND VALIDITY

14.1. Within this Section the term 'Insurance Premium' shall denote:

14.1.1. Insurance Premium, when the Insurance Premium is required to be paid in one instalment;

14.1.2. the first instalment of the Insurance Premium, if the Insurance Premium is to be paid in instalments.

14.2. Insurance Protection takes effect at 00:00 on the first day of the Insurance Period indicated in the Insurance Contract, but no sooner than the Insurance Premium is paid, except for the case specified in Article 14.3 of these Terms and Conditions.

14.3. If parties have agreed upon in the Insurance Contract that the Insurance Premium is to be paid after the beginning of the Insurance Period specified in the Insurance Contract, the Insurance Protection comes into force on at 00:00 on the first day of the Insurance Period provided that the Policyholder pays the Insurance Premium within the time limits and in the amount specified in the Insurance Contract.

14.4. If the Insurance Premium is paid after the payment date indicated in the Insurance Contract and the Insured Risk has not occurred until the Insurance Premium payment day, then BTA is entitled to make one of the following decisions:

14.4.1. to accept the Insurance Premium paid with delay and in such a case the Insurance Contract and insurance protection shall be in effect as of the first day of the Insurance Period. No specific notification about such BTA's decision shall be sent to the Policyholder.

14.4.2. to reject the Insurance Premium paid with delay and in such a case the Insurance Contract and insurance protection shall not have come to effect. BTA will send a notification about such BTA's decision to the Policyholder and refund the Insurance Premium paid with delay to the Policyholder.

14.5. If Insurance Premium has been paid later than on the day before the occurrence of the insured risk, then the Insurance Contract and insurance protection shall not have come to effect.

In this case, BTA will send to the Policyholder a notification about the Insurance Contract being invalid and refund the Insurance Premium paid with delay, although the fact whether the aforementioned notification has or has not been sent and whether the Insurance Premium has or has not been refunded within the defined term shall not be decisive factors regarding the invalidity of the Insurance Contract.

14.6. The Insurance Contract shall be in effect until 24:00 of the last day of the Insurance Period indicated in the Insurance Contract, unless it is terminated before its expiry upon agreement between the Policyholder and BTA or due to other reasons.

15. INSURANCE PREMIUM PAYMENT PROCEDURE

15.1. The Policyholder shall pay the Insurance Premium within the time limits and in the amount specified in the Insurance Contract.

15.2. Insurance Premium shall be considered paid:

15.2.1. when the Insurance Premium is paid in cash – at the moment, when the Policyholder has paid the respective amount of cash to BTA, which is supported by payment documentation;

15.2.2. when the Insurance Premium is paid by a bank transfer – at the moment, when BTA has received the payment at the account specified by BTA;

15.2.3. if the Insurance Premium is paid to an insurance intermediary expressly authorised by BTA to collect the Insurance Premium – at the moment the Policyholder has paid the respective amount of cash to the insurance intermediary, which is supported by a payment documentation, or at the moment, when the insurance intermediary has received the payment at the account specified by it.

15.3. If the Policyholder does not pay the Insurance Premium within the term prescribed in the Insurance Contract, BTA is entitled to request and the Policyholder is obliged to pay to BTA a contractual penalty of 0.1% of the unpaid amount for each day delayed, however, the total delay interest amount cannot exceed 10% of the part of Insurance Premium outstanding.

16. OBLIGATION TO PROVIDE INFORMATION

16.1. Prior to Insurance Contract conclusion, the Policyholder and the Insured are obliged to provide BTA with complete and truthful information about the Insurance Object and other information requested by BTA, as it is important in evaluation of the probability of occurrence of the insured risk.

16.2. When Insurance Contract regarding insurance of the same Insurance Object is concluded repeatedly immediately following the previous Insurance Contract and, the Policyholder or the Insured, when concluding

- the repeated Insurance Contract, do not specify that the information provided upon conclusion of the previous Insurance Contract has changed, BTA will assume that the previously provided information has not changed.
- 16.3.** If the Policyholder or the Insured have not provided the requested information to BTA or have provided an incomplete or untrue information:
- 16.3.1.** through minor negligence, then BTA is entitled to propose to the Policyholder making amendments to the Insurance Contract, to include increasing the size of Insurance Premium. In case the Policyholder does not agree to the proposed amendments to the Insurance Contract within the term on the proposal, the Insurance Contract shall be considered terminated as of the moment, when the proposal's term expires, unless stated otherwise in BTA's proposal;
- 16.3.2.** through gross negligence, the Insurance Contract shall be invalid since the moment of conclusion, and BTA will not refund the paid Insurance Premium.
- 16.4.** The Policyholder and the Insured shall immediately, as soon as possible, notify BTA, in case the information, provided prior to insurance contract conclusion, has changed during the effective period of the insurance contract.
- 16.5.** When receiving information about changes in the information, provided prior to Insurance Contract conclusion, from the Policyholder or the Insured, BTA shall make an assessment, whether the changes have affected the probability of the occurrence of the insured risk, and:
- 16.5.1.** propose to the Policyholder making amendments to the Insurance Contract. In case the Policyholder does not agree to the amendments to the insurance contract proposed by BTA within the term on the proposal, the insurance contract shall be considered terminated as of the moment, when the proposal's term expires, unless stated otherwise in BTA's proposal;
- 16.5.2.** terminate the Insurance Contract, notifying the Policyholder thereof, when the changes in the provided information have affected the probability of the occurrence of the insured risk to the extent that, if having known this information at the moment of Insurance Contract conclusion, BTA would not have concluded the Insurance Contract.
- 16.6.** If the Policyholder or the Insured has not notified BTA of changes in the information provided before concluding the Insurance Contract:
- 16.6.1.** due to malicious intent or gross negligence, then BTA shall be entitled not to pay the Insurance Indemnity and immediately terminate the Insurance Contract without refunding the paid Insurance Premium;
- 16.6.2.** because information regarding changes in the information provided prior to insurance contract conclusion has become known only upon occurrence of the insured risk and the Policyholder and the Insured have been previously unaware of it, then:
- 16.6.2.1.** BTA will pay the insurance indemnity, not exceeding the amount of the paid Insurance Premium, if BTA proves that, being aware of the actual circumstances, it would not have concluded the Insurance Contract;
- 16.6.2.2.** BTA will offer to amend the Insurance Contract or terminate the Insurance Contract depending on how significantly the disclosed actual circumstances increase the probability of occurrence of the Insured Risk.

17. CONCLUSION OF INSURANCE CONTRACTS BY MEANS OF DISTANCE COMMUNICATION

- 17.1.** Insurance Contract can be concluded by means of distance communication, i.e., by means of post, internet, electronic mail, telephone or other means of information exchange.
- 17.2.** When the Insurance Contract is concluded by a Policyholder, who is a consumer, then such an Insurance Contract shall be subject to the Distance Contract Terms, which are publicly available on BTA's website www.bta.lv. Distance Contract Terms, inter alia, describes the procedure of exercising the withdrawal rights, i.e., the rights to withdraw from the concluded insurance contract, including available application form, which can be used for exercising the withdrawal rights.
- 17.3.** Consumer is a natural person, concluding an insurance contract for a purpose unrelated to its business or professional activity.

18. INSURANCE CONTRACT TERMINATION

- 18.1.** The Insurance contract's validity shall cease to be in effect after 24:00 of the last day of the Insurance period.
- 18.2.** The Policyholder is entitled any time to terminate the Insurance Contract unilaterally submitting an application to BTA 15 calendar days in advance. The Insurance Contract will be terminated on the day indicated in the notification, but no sooner than on the day the notification is received, and:
- 18.2.1.** if, during the effective period of the Insurance Contract, no Insurance Indemnity has been paid and no claim regarding a potential Insured Event has been submitted, then BTA will refund to the Policyholder the part of the paid Insurance Premium for each day remaining until the expiry of the Insurance Contract, deducting the expenses of BTA related to the conclusion of the Insurance

Contract of 15 % (fifteen per cent) of the undrawn Insurance Premium, i.e., of the part of Insurance Premium corresponding the unused effective period of the Insurance Contract, though, of no more than Insurance Premium amount for one year, unless agreed otherwise by the parties;

- 18.2.2.** if, during the effective period of the Insurance Contract, Insurance Indemnity has been paid or a claim regarding a potential Insured Event has been submitted, then BTA will refund to the Policyholder the difference, when there is one, between the amount of the Insurance Premium paid to BTA, corresponding the number of days remaining until the expiry of the Insurance Contract, and the amount of the disbursed Insurance Indemnity, deducting the expenses of BTA related to the conclusion of the Insurance Contract of 15% (fifteen per cent) of the undrawn Insurance Premium, i.e., of the part of Insurance Premium corresponding the unused effective period of the Insurance Contract, though, of no more than Insurance Premium amount for one year, unless agreed otherwise by the parties.
- 18.3.** If the current instalment of the Insurance Premium payment has not been paid in full on the date specified in the Insurance Contract, BTA is entitled to terminate the Insurance Contract by notifying thereof in advance. Consequences that follow in the case of failure to make a timely payment of the Insurance Premium, when not spilt in instalment payments, or its first part, have been specified in these Terms and Conditions section "Insurance cover: taking effect and validity".
- 18.4.** BTA is entitled to terminate the Insurance Contract as of the moment of insured risk occurrence without paying Insurance Indemnity and without refunding the paid Insurance Premium, when the Policyholder, the Insured or the Beneficiary, with a malicious intent or through gross negligence:
- 18.4.1.** has carried out activities or has failed to act, thus increasing the probability of the occurrence of the insured risk;
- 18.4.2.** has failed to notify BTA immediately, as soon as possible, of occurrence of the insured risk, has not performed all the reasonably feasible measures to reduce losses or has not followed BTA's instructions, if such were provided;
- 18.4.3.** at BTA's request has not furnished an opportunity to establish and evaluate the amount of losses, circumstances of their occurrence; at BTA's request has not submitted all the documents at its disposal and truthful information, characterizing the occurrence of the insured risk and the losses caused by it, or performed other duties defined in the Insurance contract after occurrence of the insured risk.
- 18.5.** If the Insured Risk has occurred through malicious intent or gross negligence of the Policyholder, the Insured or the Beneficiary, then the Insurance Contract shall be regarded as terminated as of the moment of insured risk occurrence. In such a case, BTA shall not pay Insurance Indemnity and shall not refund the paid Insurance Premium. When more than one Insured or Beneficiary has been insured by one Insurance Contract, the Insurance Contract shall remain in effect with respect to the other Insureds and Beneficiaries, which are not at fault for the occurrence of the insured risk, when it is feasible to keep the Insurance Contract effective.
- 18.6.** Both the Policyholder and BTA are entitled to terminate the Insurance Contract after disbursement of Insurance Indemnity, by sending a prior notice thereof. In this case, BTA refunds to the Policyholder the part of the Insurance Premium, the amount of which is determined by deducting the Insurance Indemnity from the Insurance Premium, the part of the Insurance Premium for the period when the Insurance Contract is terminated and expenses of BTA related to conclusion of the Insurance Contract in the amount of 15% of the undrawn Insurance Premium, i.e., the part of the Insurance Premium that corresponds the unused period of the Insurance Contract, unless the Parties have agreed otherwise.
- 18.7.** BTA and the Policyholder are entitled to agree upon termination of the Insurance Contract without a consent of the Insured and the Beneficiary, except for cases, when:
- 18.7.1.** the Insurance Contract provides otherwise;
- 18.7.2.** the Insured Event has occurred and as a result of termination of the Insurance Contract, BTA would be released from the duty of Insurance Indemnity payment.
- 18.8.** Insurance contract may be terminated prior to its expiry also in other cases defined in the Insurance Contract Law of the Republic of Latvia.

19. GENERAL EXCEPTIONS

- 19.1.** Unless otherwise defined in the insurance contract, BTA shall not pay out the insurance indemnity if the occurrence of the insured risk is directly or indirectly caused by:
- 19.1.1.** Malicious intent or gross negligence of the Policyholder, the Insured or the Beneficiary;
- 19.1.2.** war, invasion, occupation, annexation, a hostile act by a foreign country (with or without evidence to the involvement of the foreign country in such act), military operations or operations considered as such (with or without declaring war); civil war, rioting, a strike, a revolt, disturbances, a revolution, riots by military or usurped authorities, a state of war or depredations or looting related thereto, violence, vandalism, sabotage; a strike, lockout, public order disturbance to the extent considered

as a revolt or riot; property confiscation, nationalisation, dispossession, requisition, destruction or disposal, if it is caused or sanctioned legally or actually authorised by a legally or actually recognized state, or an internationally not recognized foreign force, irrespective of whether it is legal or not; other political risks, as well as all other losses or expenses incurred directly or indirectly due to measures of prevention of the above-mentioned events are not compensated;

19.1.3. direct or indirect impact of a nuclear explosion, nuclear energy or radioactive substances, direct or indirect radioactive pollution;

19.1.4. an act of terror (an act, manifesting as application of power and violence, or threats to use it by any person or group of persons, acting on their own or in relation to any organisation or government, or on its behalf, which is being done on the basis of political, religious, ideological or ethnic reasons and includes the intent to influence the government or keep the public or a part of it in danger), neither are compensated any losses incurred due to the preventive measures against acts of terror;

19.1.5. Information technologies security incident in the cyberspace, which has occurred or is impending.

Cyberspace is an interactive environment that includes users, networks, computing technology, software, processes, information in transit or storage, applications, services, and systems that can be connected directly or indirectly to the Internet, telecommunications and computer networks, and in which its users interact. Cyberspace has no physical borders.

Information technologies are technologies, which, for accomplishing their tasks, perform electronic processing of information, to include its creation, deletion, storage, display or transmission.

Information technologies security incident is a harmful event or offence as a result of which the integrity, accessibility or confidentiality of information technologies is jeopardized.

19.2. BTA is not entitled to provide insurance and BTA is not obliged to pay the Insurance Indemnity or provide benefits in accordance with the Insurance Contract, as long as provision of such insurance, Insurance Indemnity disbursement or provision of benefits:

19.2.1. subjects BTA to sanctions, restrictions or limitations, established by the resolutions of the United Nations or trade or economic sanctions, regulatory enactments of the European Union, the Republic of Latvia or the United States of America (upon condition that it does not violate any regulations or regulatory enactments, applicable to BTA);

19.2.2. subjects a reinsurance company, the whom the insurance contract is submitted for reinsurance, to sanctions, restrictions or limitations, established in accordance with the regulatory enactments of the reinsurance company's state of registration.

19.3. It shall not be regarded an Insured Event and no such expenses will be indemnified when incurred directly or indirectly in connection with:

19.3.1. decisions of state and municipal authorities;

19.3.2. incidents that have occurred prior to the conclusion of the Insurance Contract;

19.3.3. declared emergency situation or state of exception, neither shall be reimbursed any losses or expenses that have arisen directly or indirectly in connection with any measures to eliminate the emergency situation or the state of exception;

19.3.4. announced epidemic or pandemic.

20. DECISION MAKING ON GRANTING INSURANCE INDEMNITY AND PAYMENT OF INDEMNITY

20.1. No later than within 15 calendar days since the receipt of all documents requested by BTA that are required for investigating the causes of the potential Insured Event and estimating the amount of loss, BTA shall make a decision on granting Insurance Indemnity or rejecting in its payment.

20.2. Insurance Indemnity shall be paid to the Beneficiary in the case when the Policyholder is at the same time the Insured and all the provisions defined in the Insurance Contract Law for being granted insurance indemnity.

20.3. In case BTA is or will be unable to make a recourse claim by subrogation due to malicious intent or gross negligence of the Policyholder, BTA may opt for not paying the insurance indemnity in the amount for which a claim is not or will not be possible to be brought, or, if insurance indemnity has already been disbursed, demand its refund from the Insured.

20.4. If payment of the Insurance Indemnity is delayed due to the fault of BTA, BTA shall pay a penalty of 0.1% of the outstanding Insurance Indemnity amount for each day of delay; however, the total amount of the penalty may not exceed 10% of the outstanding Insurance Indemnity amount.

20.5. BTA will enable this person, entitled to claim insurance indemnity, to study the documents or issue copies of the documents, if:

20.5.1. BTA has submitted documents to law enforcement institutions for criminal investigation of the insured risk occurrence circumstances;

20.5.2. the documents contain a trade secret of another person or personal data, which the person entitled to claim insurance indemnity is not entitled to obtain.

21. COMPLAINT HANDLING AND DISPUTE SETTLEMENT PROCEDURE

- 21.1.** Procedure how BTA handles a complaint for being dissatisfied with Insurance Contract or insurance services submitted by the submitter of insurance application, the Policyholder, the Insured, the Beneficiary and another person entitled to claim Insurance Indemnity, is publicly available on BTA's website www.bta.lv.
- 21.2.** All disputes arising between the parties of the insurance contract shall be settled by means of negotiations. If mutual agreement cannot be reached, any dispute, disagreement or claim ensuing from the Insurance Contract that is related to it or its violation, termination or invalidity, shall be finally resolved in a court of the Republic of Latvia in accordance with the procedure set forth in the effective regulatory enactments of the Republic of Latvia, unless BTA and the Policyholder have agreed upon another dispute settlement procedure in the Insurance Contract.

22. PROCESSING OF PERSONAL DATA

- 22.1.** BTA, as the personal data controller, processes personal data of natural persons in compliance with personal data processing requirements defined in the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) and other regulatory enactments.
- 22.2.** Principles of personal data processing performed by BTA are published on BTA website www.bta.lv.

23. SUBROGATION RIGHTS

- 23.1.** If BTA has paid insurance indemnity, then BTA through subrogation will take over the rights to lay claim for the amount disbursed against the person liable for losses.
- 23.2.** When the insurance indemnity paid by BTA covers only a part of the inflicted losses and BTA brings a subrogation claim within a year's time since the moment of insurance indemnity payment, then BTA shall notify thereof the Insured, who may place his claim as a co-plaintiff or place his own claim.
- 23.3.** BTA shall not, by exercising the right of subrogation, make claim against the Insured's children, parents or spouse. Exception is such Insurance cases, when the one at fault has caused them with a malicious intent or through gross negligence.

24. CONFIDENTIALITY

- 24.1.** The parties undertake not to disclose the information received within the framework of the Insurance Contract on the parties of the Insurance Contract or third parties, as well as not to use it against the interests of other parties of the Insurance Contract, except for in the cases defined in the effective regulatory enactments of the Republic of Latvia. BTA is entitled to provide experts and reinsurers with information related to the Insurance Contract, persons engaged by BTA for the execution of the Insurance Contract, as well as to keep it in BTA databases.

25. OTHER PROVISIONS

- 25.1.** BTA as well as the Policyholder, the Insured and the Beneficiary shall make the Insurance Contract related notifications, requests and information in writing or by means of a permanent information carrier or means of distance communication upon the use of which the parties have agreed upon in the Insurance Contract.
- 25.2.** In case BTA, during the effective period of the Insurance Contract, changes its legal form, company name, contact information and other similar information required for contractual liabilities of the Policyholder, the Insured or the Beneficiary, BTA shall immediately inform thereof by publishing this information on its website www.bta.lv.
- 25.3.** Upon a request of the Policyholder, the Insured or the Beneficiary or another person entitled to claim Insurance Indemnity, BTA shall furnish its notifications, requests and information, provided by means of the website, permanent information carrier or other means of distance communication, to the requester in writing and free of charge.
- 25.4.** Regulatory enactments shall be enforced upon settlement of contractual relationships deriving from Insurance Contracts.
- 25.5.** If there is any contradiction between the text of these Terms and Conditions in Latvian and the translation in any other foreign language, the text of these Terms and Conditions in Latvian shall be of priority and be binding upon the parties.