

# CONSTRUCTION ALL RISK INSURANCE

Terms and Conditions No. 09.V.BUV.2

Effective as of 10th March 2021

In accordance with these Terms and Conditions, BTA Baltic Insurance Company AAS (hereinafter – BTA) and Policyholders enter into Construction All Risk Insurance Contracts providing insurance protection of all risks of a Construction object.

The amount of material values insurance cover included in these Terms and Conditions complies with Munich Re Group CAR (Contractors' all risks) and EAR (Erection all risks) insurance terms and conditions.

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## 1. TERMS USED IN THE TERMS AND CONDITIONS

**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.

**BTA** – BTA Insurance Company AAS, the Insurer in terms of the Insurance Contract Law.

**Burglary** – for purposes of these Terms and Conditions, burglary is breaking into the Construction Site or the Construction Object by damaging constructions or locks, when evident signs of burglary are established.

**Construction Contractor / Builder** –

- a) a legal or natural person, who performs Construction Works on the basis of the agreement concluded with the Customer;
- b) a legal or natural person who organizes the Construction Works itself, for its own needs, participates in them and assumes the duties of the Construction Works Manager in the Construction Object owned by it or being in its lawful use.

**Construction Machinery** – the following means, intended for usage in performance of construction works at the insured Construction Object:

- a) specialized self-propelled machinery with internal combustion engine;
- b) specialized engineless machinery to enable independent movement of machinery, or fitted with an engine to sustain the functioning of machinery.

**Construction Object** – newly erected building, structure, part of building, complex of buildings or engineering networks, subject to renovation, fitting, conservation, demolition, placing, reconstruction or restauration, which the Construction Contractor creates, renovates, fits, preserves, demolishes, places, reconstructs or restores as a result of the Construction Works.

**Construction Process Participants** – the following shall be regarded as construction process participants: the Customer, construction initiator, land owner, building's owner, financier, construction project developer, Construction contractor and its subcontractors, construction supervisor and construction expert.

**Construction Site** – the territory, fenced off in accordance with the construction documentation or conditionally required for the performance of the Construction Works, in which the Construction Works will take place or take place.

**Construction Site Devices and Equipment** – totality of the following working means for the performance of construction works in the insured Construction Site: operating platforms, worker, sanitary, guard modules, temporary engineering networks, Construction Site fencing, mobile toilets, Construction Site blackboard.

**Construction Tools** – tools for processing of objects, or preparation, transformation or assembling of other technical products.

**Construction Work** – constituent of the construction process, works performed on the Construction site or a structure in order to create a construction, place the pre-fabricated structure or a part thereof, reconstruct, renovate, restore, preserve, demolish a structure or install an engineering network.

**Customer** – owner, supervisor or user of land plot or structure, on behalf of whom the construction is performed on the basis of the concluded contract.

**Deductible** – the amount of losses indicated in the Insurance Contract not reimbursed by BTA. The 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.

**First-loss compensation principle** – insurance principle, according to which BTA will compensate for losses sustained as a result of Insured Event, not exceeding the Sum Insured specified in the Insurance Contract. In such case, the Underinsurance principle is not applied.

**Insurance Application** – a document or another information that the Policyholder submits to BTA to inform about Insurance Object, facts and circumstances necessary to assess the Insured Risk. 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 does not impose any duty on BTA to conclude the 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 constituents of an Insurance Contract are these Terms and Conditions, the Insurance Policy, Insurance Policy annexes, amendments thereto, other agreements concluded between the Policyholder and BTA.

**Insurance Indemnity** – the amount payable 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** – payment for Insurance, indicated in the Insurance Contract.

**Insured** – in insurance against losses – a person indicated in the Insurance Contract, or a person identifiable according to the Insurance Contract, who incurs losses upon occurrence of an Insured Event and which Insurance Indemnity is payable to.

**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.

**Over-insurance** – 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.

**Policyholder** – person who concludes Insurance Contract on behalf of oneself or another person.

**Robbery** – robbery, for purposes of these Terms and Conditions, shall be robbing of the insured object by applying violence or threatening to use violence.

**Under-insurance** – 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. A deductible is withheld from the indemnity to be paid out.

## **2. MATERIAL VALUES INSURANCE**

**2.1. Insurance Object** – the Construction Site indicated in the Insurance Contract, including costs of the construction works performed by the Builder, as well as materials required for the construction of the Construction Object.

- 2.2. Additional Insurance Object** – provided that it has been specified in the Insurance Contract and it also has a Sum Insured indicated in the Insurance Contract, an Additional Insurance Object is:
- 2.2.1. Existing Property** – constructions, buildings and other property present in the Construction Object or at the Construction Site before the Builder has begun the construction works;
  - 2.2.2. Construction site equipment, devices and construction tools** that are used to perform construction works in the Construction Object indicated in the Insurance Contract;
  - 2.2.3. Construction equipment** that is used to perform construction works indicated in the Insurance Contract, except for Construction equipment, designed for use as vehicle on the road;
  - 2.2.4. Other** – other material values or interests indicated in the Insurance Contract.
- 2.3. Insurance protection / cover** – BTA will reimburse direct losses related to:
- 2.3.1.** the damage, destruction or loss of the Insured Object, except for the Existing Property, occurring during the time of performance of Construction Works at the Construction Site indicated in the Insurance Contract, if damage, destruction or loss of the Insured Object have occurred in the Construction Site indicated in the Insured Contract suddenly and due to any unpredictable circumstances except for in the cases indicated in Article 2.12 of these Terms and Conditions.
  - 2.3.2.** the damage, destruction or loss of the Existing Property, the cause of which is the performance of Construction Works, except for the cases indicated in Article 2.12 of these Terms and Conditions.
- 2.4. Effective Territory of insurance cover** – insurance cover is valid in the Construction Site of the Construction Object indicated in the Insurance Contract. The Effective Territory of insurance cover can be extended by including special provisions thereof in the Insurance Contract.
- 2.5. Insurance period** – insurance protection takes effect on the date when the Builder begins Construction Works in the Construction Object indicated in the Insurance Contract or after unloading of the construction materials at the Construction Site, though, in any case not earlier than the date indicated in the Insurance Contract. Insurance protection expires at the moment when the Construction Object or a part of it is launched into operation but in any case not later than the date and time indicated in the Insurance Contract.
- 2.6. Interruption of Construction Works** – Insurance Cover loses its force at the moment when Construction Works in the Construction Object are partially or completely interrupted in the following cases but not limited to:
- 2.6.1.** in compliance with a decision of a state or municipal institution to interrupt Construction Works;
  - 2.6.2.** as a result of an action or on instructions of the Customer;
  - 2.6.3.** as a result of an action or on instructions of the Builder;
  - 2.6.4.** as a result of an agreement between the Builder and the Customer.
- 2.7. Sum Insured** – the Sum Insured is determined:
- 2.7.1. Sum Insured for the Construction Object** – when insuring a Construction Object, the Sum Insured is determined in the amount of the value, indicated in the insured Construction Object's cost estimate, of the Builder's permanent and temporary Construction Works and of materials to be used in the Construction Works, as well as of the Customer's supplied materials and objects, including transport costs, customs duties and taxes. The Sum Insured shall be indicated in the Insurance Contract.
  - 2.7.2. Sum Insured for the Construction Site Devices, Equipment, Tools, Machinery** – when insuring the Construction Site Devices and Equipment, Construction Tools, as well as the Construction Machinery:
    - 1) if the Insurance Contract indicates separate units of the Construction Site Devices and Equipment, Construction Tools and Construction Machinery, then each unit shall be insured according to the list submitted to BTA that forms an integral part of the Insurance Contract; Underinsurance may be applied in this case;
    - 2) if the Insurance Contract does not indicate separate units of the Construction Site Devices and Equipment, Construction Tools and Construction Machinery, then these indicated Construction Objects are insured according to the First-loss compensation principle.
- 2.8. Reduction of the Sum Insured** – after payment of Insurance Indemnity the Sum Insured shall be reduced by the amount of the Insurance Indemnity disbursed.
- 2.9. Insurance Indemnity** – upon occurrence of an Insured Event, BTA shall pay Insurance Indemnity, indemnifying for the direct losses:
- 2.9.1. in the case of damages to the Insurance Object**, the Insurance Indemnity is calculated as the amount of repair expenses required to repair the damaged Insurance Object to the condition it was in just before the occurrence of the Insured Event, deducting the Deductible specified in the Insurance Contract.
- Loss assessment is carried out in accordance with the actual renovation work estimate, costs and prices no later than 6 months after the occurrence of the Insured Event.
- Unless the parties have agreed upon it clearly and expressly in the special provisions added to the Insurance Contract, the calculation of losses shall not include payment for overtime work and work during holidays, as well as costs for accelerated delivery of materials and other similar costs;

- 2.9.2. in the case of loss of the Insurance Object resulting from Burglary or Robbery** the Insurance Indemnity is calculated based on the replacement value (market value) or the actual value of an equivalent object just before the Insured Event, by paying the lower of the amounts less the Deductible specified in the Insurance Contract;
- 2.9.3. in the case of loss or destruction of the Insurance Object**, i.e. when the Insurance Object can not be restored or the Insurance Object's repair expenses exceed the difference between the value of the Insurance Object before and after the occurrence of the Insured Event, Insurance Indemnity is calculated as follows: deducting the Deductible specified in the Insurance Contract from the Insurance Object's value just before the occurrence of the Insured Event, and then deducting the Insurance Object's value after the Insured Event.
- Though**, if agreement is reached upon transferring the salvaged Insured Object to BTA, then Insurance Indemnity is calculated from the value of the Insured Object just before the Insured Event, deducting the Deductible specified in the Insured Contract.
- 2.9.4.** If it is established that the Sum Insured does not correspond to the value of the object, then Underinsurance or Over-insurance is applied, except in cases when the insurance object is insured in accordance with the First-loss compensation principle;
- 2.9.5.** When calculating the Insurance Indemnity, overhead costs of construction 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.
- 2.10. Rescue Costs** – in addition to the Insurance Indemnity indicated in Article 2.9, BTA reimburses rescue costs, that is, justified costs occurring to prevent or reduce further damages or losses to the insured object in case of the Insured Event. BTA shall indemnify for such expenses even when the measures taken have not provided the expected result. The maximum Insurance Indemnity for such expenses shall be 10% of the Sum Insured of the Construction Object specified in the Insurance Contract, but not more than EUR 100,000.
- 2.11. Preliminary repair work costs reimbursement** – BTA will reimburse the costs of preliminary repair works of the insured object on the provision that these repair works are part of reconstruction repair works of the damaged insured object.
- 2.12. Exceptions** – it shall not be considered an Insured Event and BTA shall not reimburse losses:
- 2.12.1.** which are any kind of consequential losses, including fines and any other penal sanctions, losses caused by delay, downtime, or default on obligations;
- 2.12.2.** which are directly or indirectly related to errors in the Construction Object's construction design or other documents that regulate construction works at the Construction Site, as well as non-compliance with the requirements of the Construction Object's construction design or other documents that regulate construction works at the Construction Site;
- 2.12.3.** which have directly or indirectly resulted from use of poor quality, inappropriate materials or constructions or poor construction workmanship. Although, if the aforementioned has caused an accident, for instance, collapse of the Construction Object or a part of it, resulting in damages to properly built Construction Object or a part of it, BTA will compensate for losses incurred regarding the damages to the properly built Construction Object or its parts;
- 2.12.4.** which have been directly or indirectly caused by wear and tear, deterioration due to normal and natural atmospheric conditions, were impacted by gradual processes, for example, corrosion, oxidation, fungus, dry rot, mould, decay, impact of light, change of colour, evaporation;
- 2.12.5.** which are indirectly or directly related to the internal damages or breakdown of Construction Machinery, Construction Site Devices and Equipment, or Construction Tools. Although, if the aforementioned results in an accident, for example, collapse of the Construction Object or a part of it, resulting in damages to the Construction Object, then such damages caused to the Construction Object shall be reimbursed;
- 2.12.6.** related to destruction, damages or loss of land vehicles, watercraft or aircraft, which are not Construction Machinery;
- 2.12.7.** which are indirectly or directly related to destruction, loss of or damage to documents, technical drawings, bills, invoices, money, promissory notes, notes or securities;
- 2.12.8.** related to the insurance object's destruction, damages or loss, discovered only at the time of taking inventory;
- 2.12.9.** related to the insurance object's loss due to reasons other than Burglary or Robbery;
- 2.12.10.** in relation to damage, destruction or loss of the Construction Site Devices and Equipment, Construction Tools, Construction Machinery, as well as materials, not mentioned in the insured Construction Object's Construction Works logbook;
- 2.12.11.** it shall not be considered an Insured Event and BTA shall not reimburse losses, if the performance of the Construction Works at the Construction Site has not been coordinated with all the necessary state and municipal institutions according to the procedure specified in regulatory enactments;
- 2.12.12.** related to probable modifications, additions or improvements of the insurance object;

- 2.12.13.** if the occurrence of the insured risk has been caused by malicious intent or gross negligence of the Policyholder, the Insured, the Beneficiary or the Construction Process Participants;
- 2.12.14.** if the occurrence of the insured risk has been caused by: 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, strike, revolt, disturbances, revolution, riots by military or usurped authorities, a state of war or depredations or looting related thereto, violence, vandalism, sabotage; 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;
- 2.12.15.** if the occurrence of the insured risk has been caused by direct or indirect impact of a nuclear explosion, nuclear energy or radioactive substances, direct or indirect radioactive pollution;
- 2.12.16.** if the occurrence of the insured risk has been caused by an act of terrorism (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 terrorism;
- 2.12.17.** if the occurrence of the insured risk has been caused by an 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.
- 2.12.18.** incurred directly or indirectly due to:
- a)** decisions of state and municipal authorities;
  - b)** incidents that have occurred prior to the conclusion of the Insurance Contract;
  - c)** 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;
  - d)** announced epidemic or pandemic.
- 2.13.** 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:
- 2.13.1.** 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);
- 2.13.2.** 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.

### **3. INSURANCE COVER: TAKING EFFECT AND VALIDITY**

- 3.1.** Within this Section the term 'Insurance Premium' shall denote:
- 3.1.1.** Insurance Premium, when the Insurance Premium is required to be paid in one instalment;
  - 3.1.2.** the first instalment of the Insurance Premium, if the Insurance Premium is to be paid in instalments.
- 3.2.** Insurance Protection takes effect on the date and time indicated in the Insurance Contract, but no sooner than the Insurance Premium is paid, except for the case specified in Article 3.3 of these Terms and Conditions.
- 3.3.** 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 the date and time indicated in the Insurance Contract provided that the Policyholder pays the Insurance Premium within the time limits and in the amount specified in the Insurance Contract.
- 3.4.** If the Insurance Premium is paid after the payment date indicated in the Insurance Contract:
- 3.4.1.** and the Insured Risk has not occurred until the Insurance Premium payment day, then BTA is entitled

to make one of the following decisions:

- a) 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.
- b) 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.

**3.4.2.** and the 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.

**3.5.** The Insurance Contract shall be in effect until the Construction Object or its part is put into operation, but in any case no later than on the date and time specified in the Insurance Contract, unless it is terminated before the due date upon agreement between the Policyholder and BTA, or for other reasons.

#### **4. INSURANCE PREMIUM PAYMENT PROCEDURE**

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

**4.2.** The Insurance Premium shall be considered paid:

- 4.2.1.** 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;
- 4.2.2.** 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;
- 4.2.3.** 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.

**4.3.** 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.

#### **5. OBLIGATION TO PROVIDE INFORMATION**

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**5.1.** 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.

**5.2.** 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.

**5.3.** If the Policyholder or the Insured have not provided the requested information to BTA or have provided an incomplete or untrue information:

- 5.3.1.** 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;
- 5.3.2.** through gross negligence, the Insurance Contract shall be invalid since the moment of conclusion, and BTA will not refund the paid Insurance Premium.

**5.4.** 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.

**5.5.** 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:

- 5.5.1.** 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;
- 5.5.2.** 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.
- 5.6.** If the Policyholder or the Insured has not notified BTA of changes in the information provided before concluding the Insurance Contract:
- 5.6.1.** 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;
  - 5.6.2.** 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:
    - a)** BTA will pay Insurance Indemnity, and not exceeding the amount of the paid Insurance Premium, if BTA proves that, having known the actual circumstances, it would not have concluded the Insurance Contract;
    - b)** 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.
- 5.7.** BTA shall be entitled to inspect the Insurance Object at any time in order to assess the probability of occurrence of the insured risk. The abovementioned shall not cancel the obligation of the Policyholder and the Insured to inform BTA about changes in the information about the Insurance Object provided to BTA and other information provided to BTA for the assessment of the probability of occurrence of the insured risk.

## **6. CONCLUSION OF INSURANCE CONTRACTS BY MEANS OF DISTANCE COMMUNICATION**

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- 6.1.** 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.
- 6.2.** When the Insurance Contract is concluded by a Policyholder, who is a consumer, then such Insurance Contract shall be subject to the Distance Contract Terms, which are publicly available on BTA's website [www.bta.lv](http://www.bta.lv). The Distance Contract Terms, inter alia, describe the procedure of exercising the withdrawal rights, i.e., the rights to withdraw from the concluded Insurance Contract, including an available application form that can be used for exercising the withdrawal rights.  
Consumer is a natural person, concluding Insurance Contract for a purpose unrelated to its business or professional activity.

## **7. INSURANCE CONTRACT TERMINATION**

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- 7.1.** The validity of the Insurance Contract shall terminate on the date and time specified in the Contract, and in the cases specified in Articles 2.5 and 2.6 of the Terms and Conditions.
- 7.2.** 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:
  - 7.2.1.** 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;
  - 7.2.2.** 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.
- 7.3.** 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 split in instalment payments, or its first part, have been specified in these Terms and Conditions section "Insurance cover: taking effect and validity".

- 7.4.** 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:
- 7.4.1.** has carried out activities or has failed to act, thus increasing the probability of the occurrence of the insured risk;
  - 7.4.2.** 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;
  - 7.4.3.** 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.
- 7.5.** 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 an event, 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.
- 7.6.** 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.
- 7.7.** 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:
- 7.7.1.** the Insurance Contract provides otherwise;
  - 7.7.2.** 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.
- 7.8.** Insurance contract may be terminated prior to its expiry also in other cases defined in the Insurance Contract Law of the Republic of Latvia.

## **8. MEASURES TO BE TAKEN UPON OCCURRENCE OF THE INSURED RISK**

- 8.1.** As a precondition for receiving the Insurance Indemnity, upon establishing the occurrence of the insured risk, the Policyholder, the Insured and the Beneficiary are obliged to:
- 8.1.1.** immediately, as soon as possible, inform BTA thereof in a way and form determined by BTA;
  - 8.1.2.** immediately inform the state authorities whose competence is to investigate a respective event or provide rescue services in the way and form determined by BTA (e.g. Fire Rescue Service, State Police, state and municipal institutions controlling the construction industry, etc.);
  - 8.1.3.** take all measures in order to prevent or reduce further damages, as well as comply with BTA instructions as regards reducing the damage caused by occurrence of the insured risk;
  - 8.1.4.** immediately ensure the possibility for BTA to inspect the place of a potential Insured Event, carry out examinations and interview witnesses so that BTA could determine the causes of the damage and its scope;
  - 8.1.5.** 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 8.1.6 of these Terms and Conditions;
  - 8.1.6.** if the Insurance Object cannot be preserved without changing its condition after the accident due to the fulfilment of the obligations referred to in Article 8.1.3 of these Terms and Conditions or other legal and 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](mailto:atlidziba@bta.lv) or in another way approved by BTA;
  - 8.1.7.** 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.
- 8.2.** Instructions regarding the activities to be carried out upon occurrence of the insured risk, the Policyholder, the Insured and the Beneficiary may receive by calling the BTA Customer Support Service hotline at (+371) 26121212. Accurate fulfilment of these instructions is a precondition for being granted Insurance Indemnity.



## **9. DECISION MAKING ON GRANTING INSURANCE INDEMNITY AND PAYMENT OF INDEMNITY**

- 9.1.** 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.
- 9.2.** 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.
- 9.3.** If Burglary or Robbery of the Insurance Object 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.
- 9.4.** In case of a dispute regarding the amount of the Insurance Indemnity to be paid out, BTA may disburse a part of the Insurance Indemnity regarding which there is no dispute.
- 9.5.** BTA is entitled:
- 9.5.1.** to pay the Insurance Indemnity in cash;
  - 9.5.2.** to carry out the repair of the damaged insurance object;
  - 9.5.3.** if BTA acknowledges the insurance object as perished, BTA, at its own discretion, will:
    - a)** replace the damaged insurance object with an equivalent object and collect the remains of the insurance object;
    - b)** disburse an Insurance Indemnity of the size of the insurance object's worth and collect the remains of the insurance object;
    - c)** disburse an Insurance Indemnity of the size of the difference between the insurance object's value before and after the Insured Event, without collecting the remains of the insurance object.
- 9.6.** 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.
- 9.7.** If the payment of the Insurance indemnity is delayed due to BTA's fault, then BTA shall pay a contractual penalty of 0.1% of the unpaid Insurance indemnity amount for each overdue day, however, the total contractual penalty amount may not exceed 10% of the unpaid Insurance indemnity amount.
- 9.8.** At the request of the person entitled to claim Insurance Indemnity, BTA will enable this person to study the documents, based on which BTA had made the decision of Insurance Indemnity payment or rejection, or issue copies of the documents for a fee not exceeding the costs of producing the document copies.  
BTA will enable this person, entitled to claim Insurance Indemnity, to study the documents or issue copies of the documents, if:
- a)** BTA has submitted documents to law enforcement institutions for criminal investigation of the insured risk occurrence circumstances;
  - b)** 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.

## **10. COMPLAINT HANDLING AND DISPUTE SETTLEMENT PROCEDURE**

- 10.1.** 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](http://www.bta.lv).
- 10.2.** All disputes arising between the parties of the Insurance Contract shall be settled by means of negotiation. 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.

## **11. PROCESSING OF PERSONAL DATA**

- 11.1.** 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.
- 11.2.** Principles of personal data processing performed by BTA are published on BTA website [www.bta.lv](http://www.bta.lv).

## **12. SUBROGATION RIGHTS**

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- 12.1.** 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.
- 12.2.** 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.
- 12.3.** 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.

## **13. CONFIDENTIALITY**

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- 13.1.** 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.

## **14. OTHER PROVISIONS**

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- 14.1.** 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.
- 14.2.** 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](http://www.bta.lv).
- 14.3.** 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.
- 14.4.** Upon mutual agreement, the Insured and BTA can include special provisions in the Insurance Contract, upon its conclusion, that expand or narrow the insurance cover indicated in these Terms and Conditions.
- 14.5.** Regulatory enactments of the Republic of Latvia shall be enforced upon settlement of contractual relationships deriving from Insurance Contracts.
- 14.6.** 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.
- 14.7.** These terms and conditions are published on BTA's website [www.bta.lv](http://www.bta.lv).