

# GENERAL THIRD-PARTY LIABILITY INSURANCE FOR INDIVIDUALS

Terms and Conditions No. 1301.01

Effective as of 01.07.2022.

In accordance with these Terms and Conditions, AAS BTA Baltic Insurance Company, hereinafter – BTA, and Policyholders enter into insurance contracts on third-party liability insurance for individuals.

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## DEFINITIONS OF TERMS, USED IN THESE TERMS AND CONDITIONS

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

**Claim** – an application by Third Party to the Insured in writing in regard with indemnification for losses.

**Co-Insured** – person indicated in the Insurance Contract in addition to the Insured or the person identifiable in accordance with the Terms and Conditions of the Insurance Contract, whose third-party liability is subject to co-insurance in accordance with the Terms and Conditions of the Insurance Contract. All regulations of the Insurance Contract shall refer to the Co-Insured, including rights and obligations, and provisions, same as to the Insured.

**Extended loss reporting period** – time-frame specified in the Insurance Contract after the end of the Insurance Period. If Insurance Contract is terminated prior to the end of Insurance Period, Extended loss reporting period shall commence as of the moment of termination of the Insurance Contract.

**Indemnity Application** – an application in writing by the Insured according to the form determined by BTA on the Claim received.

**Insurance Application** – a document or any other information, submitted by the Policyholder to BTA in order to inform about the insurance object, facts and circumstance required by insured risk assessment. If Insurance Application according to the form determined by BTA was not submitted, the information specified in the Insurance Contract about the Insurance Object, the Policyholder and the Insured shall be considered provided by the Policyholder. Acceptance of the insurance application shall not impose any obligation on BTA to conclude an Insurance Contract.

**Insurance Contract** – an agreement between BTA and the Policyholder, according to which the Policyholder undertakes to pay the Insurance Premium according to the manner, deadline and to the amount specified in the Insurance Contract as well as to fulfil all other obligations under the Insurance Contract. In turn, BTA undertakes, upon occurrence of an Insured Event, to disburse the Insurance Indemnity in accordance with the Terms and Conditions of the Insurance Contract. Insurance Contract shall include the following documents: the Terms and Conditions, Insurance Policy, annexes, amendments, agreements to Insurance Policy, 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** – time-frame wherein the insurance is effective.

**Insurance Policy** – a document, which shall acknowledge Insurance Contract conclusion and encompass the Terms and Conditions of the Insurance Contract, whereupon the Policyholder and the Insured have agreed.

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

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

**Insured** – person indicated in the Insurance Contract or the person identifiable in accordance with the Insurance Contract, whose third-party liability is subject to insurance. Considered as the Insureds shall also be the 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).

**Insured Event** – an event related to the Unlawful Activity by the Insured through cause and effect relationship, upon occurrence of which Insurance Indemnity disbursement is envisaged in accordance with the Insurance Contract.

**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.

**Policyholder** – person concluding an Insurance Contract for the benefit of oneself or another person.

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

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

## **1. INSURANCE OBJECT AND INDEMNIFIABLE LOSSES**

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

**1.1.1.** According to the Insurance Contract, only that insurance coverage specified in the Policy are insured. The following insurance coverages can be insured:

**1.1.1.1. General liability** – insurance coverage is provided only as individual, who is not involved in any economic activity, except mentioned in Article 1.1.1.2-1.1.1.4.

**1.1.1.2. Private property owner's/ tenant's liability** – insurance coverage is provided for the management or use of immovable property owned, rented or leased by Insured if the purpose for use of such property is not related with economic activity;

**1.1.1.3. Builder's liability** – insurance coverage is provided to the Insured when organizing or participating in construction works for his or her own needs;

**1.1.1.4. Trainee's liability** – insurance coverage is provided for Insured as a trainee during the training process or when Insured as an individual take part in experience exchange or educational program.

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

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

**1.2.1.1.** 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;

**1.2.1.2.** Temporary loss of labor capacity – losses in regard to Third Party's temporary loss of labor capacity:

- Third Party's lost income at the time of loss of labor capacity confirmed by a medical practitioner – sum of money, composed of Third Party average earnings for the time of loss of labor 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 labor capacity, approved by the loss of labor capacity certificate, and the paid personal income tax and compulsory social insurance contributions for the time of temporary loss of labor capacity.

**1.2.1.3.** Loss of labor capacity – losses in regard to Third Party's loss of labor 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 labor capacity";

- Third Parties, 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 labor 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 Parties, 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.

**1.2.2.** Losses in regard to person's death:

**1.2.2.1.** 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;

**1.2.2.2.** 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 labor 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.

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

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

Insurance indemnity for intangible damage shall be disbursed without a judicial decision, if the amount thereof does not exceed the amount calculated in accordance with Regulations No 340 of the Cabinet of Ministers "Regulations on the amount of insurance indemnity and procedure of calculation thereof for non-material damaged caused to a person" or regulatory enactments replacing them.

In case Third Party intends to receive compensation on intangible damage, which exceeds the amount of indemnity calculated in accordance with the regulatory enactments mentioned previously, intangible damage shall be disbursed in the amount determined by the court, however, without exceeding the liability limits indicated in the Insurance Contract.

**1.2.4.** 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.

**1.2.5.** 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:

- 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;
- 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.

**1.2.6.** 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.

- 1.2.7.** 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, remodeled, or utilized, or that are disposed of, as well as materials that are recycled, remodeled, 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.

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

- 1.2.9.** 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.

- 1.2.10.** 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.

- 1.2.11.** Litigation and legal case handling expenses:

**1.2.11.1.** 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;

**1.2.11.2.** 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;

**1.2.11.3.** 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.

## **2. LIABILITY LIMIT AND DEDUCTIBLE**

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- 2.1.** 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.

- 2.2.** 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.

- 2.3. Aggregate liability limit upon the entire insurance period** – maximum Insurance Indemnity, which may be disbursed in regard to the Insurance Contract.

Upon disburse of Insurance Indemnity, aggregate liability Limit shall be reduced less the amount of Insurance Indemnity disbursed.

Aggregate Liability Limit may be renewed upon conclusion of the respective annex to Insurance Contract. An additional insurance premium may be calculated for renewal of the liability limit to the initial amount.

- 2.4. 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.

- 2.5. 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.

**2.6. Deductible** – The part of losses specified in the Insurance Contract, which shall not be indemnified by BTA upon occurrence of an Insured Event.

Different Deductibles may be determined by the Insurance Contract for different Indemnifiable Losses, while, upon occurrence of an Insured Event, wherein a Third Party suffered different types of losses (for instance, Losses in regard to damage to Third Party's health and Losses in regard to damage to property) within each type of losses a Deductible determined thereupon shall applied thereto. Deductible on the Insured Event may not exceed the largest Deductible on losses, occurred in the result of the Insured Event.

### **3. PRECONDITIONS OF INDEMNIFICATION FOR LOSSES**

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**3.1.** For BTA to perform Insurance Indemnity disbursement, all the below-mentioned preconditions are required to occur:

**3.1.1.** Indemnifiable Losses occurred in the course of Insurance Period;

**3.1.2.** Indemnifiable Losses occurred in the Insurance territory;

**3.1.3.** Claim is submitted for the first time within Insurance Period or within the Extended reporting period;

**3.1.4.** Notification on losses and Insurance Indemnity Claim is submitted within Insurance Period or within the Extended reporting period.

**3.2.** 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 3.1 of the Terms and Conditions have occurred.

**3.3.** 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.

### **4. EXCEPTIONS**

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**4.1. Insurance exceptions** – the event shall not be recognized as an Insured Event and the following shall not be indemnified:

**4.1.1. 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;

**4.1.2. Recurring losses** – losses recurring due to the same cause, which has already previously caused losses to BTA in the same location, indemnified by BTA;

**4.1.3. Sources of open fire** – losses caused by the use of fireworks or other uncontrollable flying sources of open fire;

**4.1.4. Unauthorized 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.);

**4.1.5. Animals** – losses caused by farming, sports, working, entertainment, experimental animals or animals of wild species.

However, damages caused by pets are reimbursed;

**4.1.6. Financial losses** – losses unrelated to damage to life or health of a Third Party, renovation of a damaged property or replacement of property, which suffered total loss, with another property item;

**4.1.7. 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-defense or maintenance of public order, other than weapons);

**4.1.8. Impact of long-term circumstances** – losses occurred resulting from a process of long-term, progressing or accumulating nature (for instance, mold, rotting, corrosion, dust, soot, smut, scent, wear or depreciation);

**4.1.9. Information technology security incident** – caused by an Information technology security incident occurred or impending in Cyberspace.

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;

- 4.1.10. Infection** – losses related to any kind of organism infection by viruses or pathogens;
- 4.1.11. Expenses in regard to interruption of economic operations** – Third Party's lost income, lost profit, current (urgent) expenses, labor remuneration, taxes and charges;
- 4.1.12. 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);
- 4.1.13. Harmful substances** – losses incurred by explosive substances or mixes, inflammable gases, fluids or hard substances, toxic substances, mutagen substances, carcinogens or persistent organic pollutants;
- 4.1.14. War** – losses, occurrence of which is related to any kind of manifestation of violence, including but not limited to 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, nationalization, dispossession, requisition, destruction or disposal, if it is caused or sanctioned legally or actually authorized 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;
- 4.1.15. 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);
- 4.1.16. Malicious intent** – losses caused by malicious intent, which is a willful action intended to cause damage, or the degree of culpability of a Third Party, Policyholder, the Insured or its contracted service provider, which in terms of consequences of indemnification for loss and other third-party liability issues is tantamount to malicious intent;
- 4.1.17. Real Estate Management** – losses arising from management of a real estate, the address of which is not specified in this Insurance Contract;
- 4.1.18. 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;
- 4.1.19. 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);
- 4.1.20. Cracks** – losses related to cracks in the structure or in some of its structural elements;
- 4.1.21. Related Parties** – losses incurred by:
  - a) the Policyholder, the Insured, Co-Insured;
  - 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% 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;
- 4.1.22. Cross Liability** – losses caused by Co-Insured to the Insured or vice versa;
- 4.1.23. Penalty fees** – penalty fees, disciplining or repressive sanctions and other similar payments, since obligation to pay thereof derives from regulatory enactments;
- 4.1.24. Terrorism** – losses, occurrence of which is related to any kind of manifestation of terrorism, including but not limited to 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

organization 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;

**4.1.25. Use of vehicles** – losses, occurred due to the use of mechanic land vehicles (including electric scooter), 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 (including electric scooter), with the top speed not exceeding 25 km/h;

**4.1.26. 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 (including electric scooter) with the top speed not exceeding 25 km/h, etc.);

**4.1.27. 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.

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

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**5.1.** 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:

**5.1.1.** immediately, as soon as possible, to submit Notification on losses to BTA:

**5.1.2.** 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;

**5.1.3.** 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;

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

**5.1.5.** 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;

**5.1.6.** 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.

**5.2.** 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 activities mentioned in Article 5.1 The consequences mentioned in case of failure to act as provided for in Article 5.1.6, 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.

**5.3.** 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.

**5.4.** 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.

**5.5.** BTA is entitled at any stage of the Third Party Claim review to recommend the Insured or its authorized persons to settle the Claim for a certain amount of money. If the Insured, contrary to recommendation given by BTA, refuses to settle the Third Party Claim for the amount recommended by BTA, BTA is entitled to pay the Insurance Indemnity only in the amount for which it recommended to settle the Claim.

## **6. INSURANCE INDEMNITY DISBURSEMENT PROCEDURE**

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- 6.1.** 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:
- 6.1.1.** Insurance Indemnity Application completed by the Insured;
  - 6.1.2.** Complaint by Third Party;
  - 6.1.3.** all the documents received from Third Party in regard with the prospective Insurance Claim Case;
  - 6.1.4.** other documents, such as:
    - 6.1.4.1.** documents to justify the liability of the Insured or to acknowledge the Insured not guilty;
    - 6.1.4.2.** documents explaining the reason of losses (explanatory notes by the Insured, independent expert assessment, references of competent authorities etc.);
    - 6.1.4.3.** documents to justify the Unlawful Activity by the Insured;
    - 6.1.4.4.** documents to record the fact of losses (photo, accident location inspection statements, expert's statement, etc.);
    - 6.1.4.5.** 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).
- 6.2.** 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;
- 6.3.** 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.
- 6.4.** 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 or Sub-limit (if any), 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 or the Sublimit (if any).
- 6.5.** 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.
- 6.6.** 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.
- 6.7.** 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.
- 6.8.** 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 or the Sublimit (if any). 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.
- 6.9.** 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 or the largest Sublimit, indicate in the respective Insurance Policies.
- 6.10.** Liability Limit shall not be reduced by the amount of deductible, but the deductible is withheld from the amount of loss.
- 6.11.** If Insurance Indemnities disbursed by BTA shall reach the limits specified in section "Liability Limit and deductible", 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. If upon having reached the limits specified in section "Liability Limit and deductible" no annex to Insurance Contract regarding increase of liability limit in accordance with Article 2.2 of these terms and Terms and Condition is developed, Insurance Contract shall be considered terminated.



- 6.12.** 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.
- 6.13.** Indemnification for litigation and legal case handling expenses shall be performed as follows:
- 6.13.1.** 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;
  - 6.13.2.** 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;
  - 6.13.3.** 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.
  - 6.13.4.** 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.
- 6.14.** The decision of granting or rejecting Insurance Indemnity payment shall be made by BTA no later than within 15 days after the receipt of all documents requested by BTA that are required to establish the potential insured event circumstances or to determine the loss amount.

## **7. INSURANCE CONTRACT: TAKING EFFECT AND VALIDITY**

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- 7.1.** Insurance Contract shall be concluded based on the insurance offer developed by BTA for the Policyholder and upon agreement with BTA on the Terms and Terms and Condition of the Insurance Contract acceptable by the both parties.
- 7.2.** Insurance offer shall be developed based on the Insurance Application.
- 7.3.** Upon conclusion of Insurance Contract, BTA shall issue the policy to the Policyholder to acknowledge the conclusion of the Insurance Contract.
- 7.4.** Amendments to concluded Insurance Contract shall be formalized upon development of an annex to the Insurance Policy.
- 7.5.** Insurance provided for in the Insurance Contract shall come to effect at 00.00 of the first day of the Insurance period indicated in the Insurance Contract, but no sooner than as of the payment of Insurance Premium or the first part of the Insurance Premium (if Insurance premium payment in instalments is provided for in the Insurance Contract) upon occasions, when:
- 7.5.1.** The first day of the Insurance period shall be determined as Insurance Premium payment day by the Insurance Contract.
  - 7.5.2.** Insurance Premium payment day shall be determined prior to the first day of the Insurance period.
- 7.6.** Within this Section the term 'Insurance Premium' shall denote:
- 7.6.1.** Insurance Premium, when the Insurance Premium is required to be paid in one instalment;
  - 7.6.2.** the first instalment of the Insurance Premium, if the Insurance Premium is to be paid in instalments.
- 7.7.** 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 7.8 of these Terms and Conditions.
- 7.8.** 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.
- 7.9.** If the Insurance Premium is paid after the payment date indicated in the Insurance Contract and the prospective Insured Event has not occurred until the Insurance Premium payment day, then BTA is entitled to make one of the following decisions:
- 7.9.1.** to accept the Insurance Premium paid with delay and in such a case the Insurance Contract 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.
  - 7.9.2.** to reject the Insurance Premium paid with delay and in such a case the Insurance Contract 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.

- 7.10.** If Insurance Premium has been paid later than on the day before the occurrence prospective Insured Event, then the Insurance Contract 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.
- 7.11.** 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.

## **8. INSURANCE PREMIUM PAYMENT PROCEDURE**

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- 8.1.** The Policyholder shall pay the Insurance Premium within the time limits and in the amount specified in the Insurance Contract.
- 8.2.** Insurance Premium shall be considered paid:
- 8.2.1.** 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;
  - 8.2.2.** 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;
  - 8.2.3.** if the Insurance Premium is paid to an insurance intermediary expressly authorized 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.
- 8.3.** 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.

## **9. OBLIGATION TO PROVIDE INFORMATION**

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- 9.1.** 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.
- 9.2.** When Insurance Contract regarding insurance of the same Insurance Object is concluded repeatedly immediately following the previous Insurance Contract and, the Policyholder, 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.
- 9.3.** If the Policyholder or the Insured have not provided the requested information to BTA or have provided an incomplete or untrue information:
- 9.3.1.** 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;
  - 9.3.2.** through gross negligence, the Insurance Contract shall be invalid since the moment of conclusion, and BTA will not refund the paid Insurance Premium.
- 9.4.** 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.
- 9.5.** 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:
- 9.5.1.** 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;
  - 9.5.2.** 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.

- 9.6.** If the Policyholder or the Insured has not notified BTA of changes in the information provided before concluding the Insurance Contract:
- 9.6.1.** 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;
  - 9.6.2.** because information regarding changes in the information provided prior to insurance contract conclusion has become known only upon occurrence of the Insured Event and the Policyholder and the Insured have been previously unaware of it, then:
    - 9.6.2.1.** 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;
    - 9.6.2.2.** 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.

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

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- 10.1.** 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.
- 10.2.** 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](http://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.
- 10.3.** Consumer is a natural person, concluding an insurance contract for a purpose unrelated to its business or professional activity.

## **11. INSURANCE CONTRACT TERMINATION**

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- 11.1.** The Insurance contract's validity shall cease to be in effect after 24:00 of the last day of the Insurance period.
- 11.2.** The Policyholder is entitled any time to terminate the Insurance Contract unilaterally submitting an application to BTA 15 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:
  - 11.2.1.** 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% 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;
  - 11.2.2.** 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% 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.
- 11.3.** 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 Article 7.
- 11.4.** BTA is entitled to terminate the Insurance Contract as of the moment of prospective Insured Event occurrence without paying Insurance Indemnity and without refunding the paid Insurance Premium, when the Policyholder, the Insured or the Co-Insured, with a malicious intent or through gross negligence:
  - 11.4.1.** has carried out activities or has failed to act, thus increasing the probability of the occurrence of the insured risk;
  - 11.4.2.** has failed to notify BTA immediately, as soon as possible, of prospective Insured Event, has not performed all the reasonably feasible measures to reduce losses or has not followed BTA's instructions, if such were provided;
  - 11.4.3.** 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 prospective Insured Event and the losses caused by it, or performed other duties defined in the Insurance contract after occurrence of prospective Insured Event.

- 11.5.** If the Insured Event has occurred through malicious intent or gross negligence of the Policyholder, the Insured or the Co-Insured, then the Insurance Contract shall be regarded as terminated as of the moment of prospective Insured Event 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 Co-Insured has been insured by one Insurance Contract, the Insurance Contract shall remain in effect with respect to the other Insureds and Co-Insureds, which are not at fault for the occurrence of the Insured Event, when it is feasible to keep the Insurance Contract effective.
- 11.6.** 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.
- 11.7.** BTA and the Policyholder are entitled to agree upon termination of the Insurance Contract without a consent of the Insured and the Co-Insured, except for cases, when:
- 11.7.1.** the Insurance Contract provides otherwise;
  - 11.7.2.** 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.
- 11.8.** Insurance contract may be terminated prior to its expiry also in other cases defined in the Insurance Contract Law of the Republic of Latvia.

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

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- 12.1.** 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 Co-Insured, is publicly available on BTA's website [www.bta.lv](http://www.bta.lv).
- 12.2.** 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.

## **13. PROCESSING OF PERSONAL DATA**

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- 13.1.** 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.
- 13.2.** Principles of personal data processing performed by BTA are published on BTA website [www.bta.lv](http://www.bta.lv).

## **14. SUBROGATION RIGHTS**

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- 14.1.** 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.
- 14.2.** 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 or Co-Insured, who may place his claim as a co-plaintiff or place his own claim.
- 14.3.** BTA shall not, by exercising the right of subrogation, make claim against the Insured, Co-Insured, their children, parents or spouse.

## **15. CONFIDENTIALITY**

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- 15.1.** 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.

## **16. OTHER PROVISIONS**

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- 16.1.** BTA as well as the Policyholder, the Insured and the Co-Insured 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.
- 16.2.** 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 Co-Insured, BTA shall immediately inform thereof by publishing this information on its website [www.bta.lv](http://www.bta.lv).
- 16.3.** Upon a request of the Policyholder, the Insured, Co-Insured or Third Party, 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.
- 16.4.** Regulatory enactments of the Republic of Latvia shall be enforced upon settlement of contractual relationships deriving from Insurance Contracts.
- 16.5.** 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:
- 16.5.1.** 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, the United Kingdom or the United States of America (upon condition that it does not violate any regulations or regulatory enactments, applicable to BTA);
- 16.5.2.** 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.
- 16.6.** 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.
- 16.7.** In case of inconsistencies or disagreement between the documents of Insurance Contract, the documents shall be considered a priority and shall be applied according to the following sequence:
- 16.7.1.** Annexes to Insurance Policy (if any) to amend the Terms and Condition of Insurance policy - successively depending on the effective date as of the newest to the oldest;
- 16.7.2.** Insurance Policy;
- 16.7.3.** Terms and Conditions of the current Insurance Cover.
- 16.8.** Policyholder and the Insured have no right to cede any claim rights deriving from Insurance Contract, incl. those already effective or incumbent to third parties.
- 16.9.** The Terms and Conditions are published on BTA website [www.bta.lv](http://www.bta.lv).