

KASKO POTHOLES INSURANCE

Terms and conditions No 2



Approved on 17 August 2010 by BTA Board decision No.69.

1. Terms used in these terms and conditions

- 1.1. **BTA** – “BTA Insurance Company” SE, an Insurer pursuant to the Insurance Contract Law.
- 1.2. **Customer** – a legal entity or an individual who enters into an insurance contract in favour of itself or another person, an Insurance Policy Holder pursuant to the Insurance Contract Law.
- 1.3. **Insured person** – an individual or legal entity indicated in the insurance contract, who has an insurable interest and in favour of whom the insurance contract has been concluded, i.e. to whom the insurance indemnity is to be paid upon occurrence of the insured event referred to in these Terms and Conditions.
- 1.4. **Insurance premium** – the payment specified in an insurance policy for the insurance.
- 1.5. **Sum insured** – the maximum amount of money that can be paid for one particular insurable event and that is indicated in the insurance policy. After paying out the insurance indemnity the sum insured remains invariable.
- 1.6. **Insured event** - an event related through causal relationship to insurance risk upon the occurrence of which payment of the insurance indemnity is provided for in accordance with the insurance contract signed.
- 1.7. **Insurance indemnity** – the amount to be paid for the insurable event in accordance with the concluded insurance contract. This amount must not exceed the insured sum indicated in the insurance policy.
- 1.8. **Road traffic** – road movement relationship that occurs with the use of vehicles or without use of them.

2. Object of insurance

2.1. The object of insurance is the vehicle indicated in the insurance contract and the extra equipment thereof (audio equipment, light metal disks, extra lamps, spoilers etc.) that are installed in a vehicle and installation of which has not been performed by a manufacturer.

3. Risks insured

- 3.1. In accordance with these Terms and Conditions, the insurance object is insured against the Risk of road traffic accident that can occur when the insurance object is damaged as a result of participation in road movement activities when the insurance object is driven into a pothole or into an opened manhole (hereinafter – RTA).
- 3.2. However, upon occurrence of this risk, BTA does not compensate the losses for damages if such losses are caused upon the following circumstances:
 - 3.2.1. when the RTA took place, the vehicle driver did not obey the following traffic regulations:
 - 3.2.1.1. the vehicle driver went over the maximum driving speed limit allowed for the respective territory;
 - 3.2.1.2. the vehicle could not be lawfully used as a means of transport at the time when the road traffic accident occurred, however, the damages will be indemnified for if the only reason for the prohibition to use the vehicle in road traffic was the lack of the obligatory land vehicle owner's civil liability insurance coverage;
 - 3.2.1.3. a road traffic accident has occurred due to the vehicle driver driving the vehicle or teaching another person how to drive:
 - a) If a breath or blood test sample of the vehicle driver shows traces of alcohol, drugs, psychoactive or other intoxicating substances as well as substances resulting from their decomposition (metabolites) or medications lowering reaction speed and affecting attention;
 - b) If the vehicle driver is taken ill or tired to a degree where this can affect the working capacity of the vehicle driver and road traffic safety;
 - 3.2.1.4. the driver of a vehicle has arbitrarily left the site of a road traffic accident or has evaded doing an alcohol, drugs or psychoactive substances test in a timely manner;
 - 3.2.1.5. the driver of a vehicle did not duly noticed occurrence of a pothole or opened manhole on a traffic way when a pothole or an opened manhole were fenced off or when the driver was warned about their occurrence in accordance with the requirements of traffic laws;
 - 3.2.1.6. It is found that, while using the insured vehicle during the last 48 hours before the road traffic accident, there have been violations of the requirements laid down by the AERT Agreement (European Agreement Concerning the Work of Crews of Vehicles Engaged in International Road Transport) as well as regulations issued by the European Parliament and by the European Council and Latvian regulations concerning the working and resting periods for a vehicle driver;
 - 3.2.1.7. The vehicle was driven at the time of the road traffic accident by a person not authorised to drive vehicles of the respective category;
 - 3.2.2. the damage has occurred either directly or indirectly through the malicious intent or gross negligence committed by the Customer, the Insured, a member of his / her family, or by a person subordinated to and employed by him or her under a contract;
 - 3.2.3. the damage was caused by a cargo that was carried on the insured vehicle or in its trailer and was not fastened in accordance with applicable regulations of the country concerned;
 - 3.2.4. the damage has occurred due to the participation of the vehicle in a race, training race, test or endurance race;
 - 3.2.5. the damage was caused by water entering the devices of the vehicle (engine, gearbox etc.) as a result of driving through pools, flooded places etc.;
 - 3.2.6. damages were caused to a running gear of the vehicle (shock-absorbers,

- 3.3. BTA does not pay the Insurance Indemnity for the part of damages in case if the value of damages is increased because of the following actions taking place before occurrence of a road traffic accident:
 - 3.3.1. in case if the damages were caused due to non-quality maintenance or repair of the vehicle;
 - 3.3.2. in case if the damage has occurred due to weather effects (rust, cracks caused by cold etc.) or if the damage has occurred as a result of natural wear and tear.

4. Obligations of the customer, insured person or legal user of the vehicle upon occurrence of the risk insured

- 4.1. Upon occurrence of the risk insured the precondition for paying out the Insurance indemnity is the fulfilment of the following obligations of the Customer, Insured Person or Legal User of the Vehicle:
 - 4.1.1. The Customer, Insured Person or the Legal User of the Vehicle must call the BTA hotline 26121212 in order to provide information on the accident immediately from the accident place and then act in accordance with the received BTA instructions as well as to call the Police;
 - 4.1.2. To show the damaged vehicle to a BTA agent promptly, as soon as it is possible, as well as to provide the following documents:
 - 4.1.2.1. a particular written application in a form prescribed by BTA regarding occurrence of an insured risk with as much as possible completed and detailed information on the accident;
 - 4.1.2.2. a copy of an insurance policy;
 - 4.1.2.3. a copy of a vehicle driver's licence, presenting the original;
 - 4.1.2.4. a copy of a vehicle registration certificate, presenting the original;
 - 4.1.2.5. an explanation of the driver or the legal user of the Vehicle regarding the accident;
 - 4.1.2.6. all the documents requested by BTA with regards to the accident that are required for clarification of the accident circumstances or for determination of the amount of loss.
 - 4.1.3. in case of a possible insured risk not to have carried out any repairs of the vehicle before receiving relevant approval from BTA. However, small repairs may be carried out if the failure to have such repairs carried out forthwith may increase the damages incurred as a result of occurrence of the insured risk.
 - 4.1.4. after completing repair of the vehicle, upon request of BTA, it is necessary to return to BTA the parts damaged and replaced as a result of the insured risk;
 - 4.1.5. if the vehicle damaged in a RTA is equipped with a tachograph, it is necessary to submit a tachograph disc that was in the vehicle tachograph at the moment of accident to BTA, or the tachograph disks requested by BTA for the time period up to 48 hours prior to occurrence of the RTA;

5. Procedure for determining and paying the insurance indemnity

- 5.1. The Insured person receives payment of an Insurance Indemnity in cash.
- 5.2. Upon payment of an Insurance Indemnity in cash it will be calculated according to the Technical Appraisal Methodology for the Obligatory Insurance of the Civil Liability of Land Vehicle Users, as approved by the Latvian Bureau of Vehicle Insurers pursuant to the procedure established by the Latvian Cabinet of Ministers, effective at the time of occurrence of the Insured Event, but in any case an Insurance Indemnity cannot be calculated in the amount that exceeds the insurance sum specified in the insurance policy;
- 5.3. In the event if the insurance sum specified in the insurance policy is less than the actual value of the vehicle effective at the moment of commencement of the insurance contract, the sub insurance principle must not be applied.
- 5.4. If the Insured person is a VAT (value added tax) payer and receives an Insurance Indemnity in cash, the Insurance Indemnity will be paid out with the VAT excluded.
- 5.5. If the value of damages caused to the insured vehicle due to occurrence of RTA is equal or higher than the actual value of the vehicle shortly before occurrence of RTA, the Insurance Indemnity will be calculated in the amount that is equal to difference between the actual value of the vehicle shortly before occurrence of RTA and the residual value of the vehicle, but in any case the insurance indemnity must not exceed the insurance sum specified in the insurance policy. In this case the remains of the damaged vehicle must be left at the vehicle owner's disposal.
- 5.6. In case if, in accordance with the insurance contract, the insurance indemnity must be paid for the damages caused as a result of road traffic accident, BTA compensates vehicle transportation expenses for the distance up to 25 km from a place of RTA, provided that such transportation is required as regards damages and it is economically justified. Transportation costs will not be covered if the indemnification for the transportation is paid by another person under an earlier agreement.
- 5.7. Insurance Indemnity payment:
 - 5.7.1. BTA makes a decision to pay or to not pay the Insurance Indemnity within 3 (three) working days after receiving all the required documents regarding the possible insured event;
 - 5.7.2. BTA notifies the Insured Person of its decision within 5 (five) working days after making a decision;

5.6.3. BTA pays out the Insurance Indemnity within 7 (seven) working days after the date when a decision to pay the Insurance Indemnity is made;

6. Validity of the insurance contract and procedure for its termination

6.1. An insurance contract is valid within the territory of the Republic of Latvia, unless it is prescribed otherwise in the insurance policy.

6.2. Unless it is otherwise provided for by the Insurance Policy, an Insurance Contract is concluded to be valid for one year.

6.3. An Insurance Contract takes effect as of the date specified in the Insurance Policy, provided that the insurance premium specified in an Insurance Policy has been paid within the term and in the full amount specified in the Insurance Policy.

6.4. BTA has a right to terminate the insurance contract after occurrence of the insured event.

7. Other terms and conditions

7.1. Any disputes that may arise between the parties to an insurance contract shall be resolved at a Latvian court by enforcing applicable Latvian acts and regulations.

7.2. The parties of the insurance contract may not assign to third parties any of the rights of claim, including any existing or potential right of claim, arising out of an insurance contract.

7.3. If, when signing an insurance contract, the Customer does not inform BTA in written form of another procedure, then also in the events the Insurance Indemnity paid out by BTA covers only part of the losses of the Insured Person, BTA may use its recourse rights irrespective of whether the Assured enforces or not enforces its rights to pursue a claim against the guilty party. BTA and the Customer or the Insured Person may agree in a written form on co-operation in loss recovery, including on bringing a joint action and sustaining it.

7.4. By concluding the insurance contract the Customer certifies that it allows BTA as the manager of the system, personal data recipient and personal data operator, to process personal data of the Customer, including sensitive personal data and personal identification (classification) codes in accordance with the Personal Data Protection Law and other effective laws and regulations of the Republic of Latvia for risk appraisal. As well as certifies that it allows BTA to receive information from state personal data processing institutions and Register of Debtors of the Bank of Latvia on the Customer, if such information is necessary for BTA, and that the Customer is informed that in the events prescribed by effective regulatory enactments of the Republic of Latvia, BTA will provide information on the Customer to the Register of Debtors. Certification referred to in this Article shall be valid also in regard to those persons who conclude insurance contracts on behalf of a legal entity.

7.5. All notifications, applications etc. that are related to the insurance contract must be submitted to BTA in written form.

7.6. The notifications, applications etc. mentioned in these Terms and Conditions must be brought to the recipient's notice in the following way:

7.6.1. by passing them over personally, and in this case the documents will be considered as received as of the date when the recipient has confirmed receipt of the documents with his/her signature;

7.6.2. By sending these documents with a registered letter which will be considered as received on the 3-rd (third) day after the date when it was sent to the receiver's address indicated in the insurance contract or to another address that was provided in written form by one of the parties of the insurance contract to the rest parties of the contract. A registered letter will be considered as received within a shorter period of time in those cases when a respective notification certifying delivery of correspondence to the recipient is received from a postal office.

7.7. During the validity period of the insurance contract the Customer, the Insured Person or an authorised user of the vehicle are obliged to present the insured vehicle to the representative specified by BTA within 3 (three) working days after receiving a respective request from BTA. If this obligation is not fulfilled, BTA is entitled to not pay out the Insurance Indemnity upon occurrence of the risks referred to in the insurance contract.

7.8. All the terms and provisions, which apply to the insured towing vehicle in a coupling, apply also to the trailer of the vehicle, which has been insured pursuant to the present terms and conditions (driver of the towing vehicle is also the driver of the trailer).

7.9. All issues that are not specially agreed in this insurance contract and in these Terms and Conditions will be resolved in accordance with the applicable Latvian acts and regulations.

7.10. Parties of the insurance contract commit themselves to hold confidential all the information acquired with regard to the insurance contract and concerning the insurance contract parties or third parties as well as not to use such information to the detriment of interests of the rest parties of the insurance contract.

7.11. BTA is entitled to provide any information related to the insurance contract to experts and reinsurers as well as to store this information in BTA databases.