

CIVIL LIABILITY INSURANCE FOR INDIVIDUALS

Terms and Conditions No 19.2



Approved by "BTA" joint stock insurance company Board Resolution No 118 of 14.12.2010 with amendments approved by "BTA Insurance Company" SE Board resolution No 50 of 07.06.2011. (relating to change in the company's name)

Translation. Text on Latvian has priority to this translation.

Pursuant to these Terms and Conditions, "BTA Insurance Company" SE insures general civil liability of individuals.

These Insurance Terms and Conditions are drawn up in accordance with the Insurance Contract Law of the Republic of Latvia, the Law on Insurance Companies and Supervision Thereof and other regulatory enactments of the Republic of Latvia.

1. Used terms

Insurer – "BTA Insurance Company" SE.

Policyholder – a person who concludes an insurance contract in favour of him or herself or another person.

Insured – an individual specified in the insurance contract (policy), in favour of whom the insurance contract (policy) is concluded and whose civil liability is insured.

Insurance Contract – a written agreement between the Insurer and the Policyholder, according to which the Policyholder undertakes the obligation to pay the insurance premium in the way, terms and the amount specified in the insurance contract, as well as to fulfil other obligations set forth in the insurance contract and the Insurer undertakes the obligation to indemnify third parties for the losses upon occurrence of the insurable event in accordance with the terms and conditions of the Insurance Contract.

Insurance Policy – a document that verifies the entering into an insurance contract and includes terms and conditions of the insurance contract, as well as all amendments and supplements to this contract, upon which the Insurer and the Policyholder have agreed during the validity period of the insurance contract.

Liability limit – the maximum amount of the insurance indemnity to be paid out.

Insurance indemnity – the amount paid out by the Insurer according to the terms and conditions of the insurance contract for the insurable event to settle the claim or complaint brought forward against the Insured and indemnify a third party for the caused losses.

Insurable event – an event caused by the Insured during the insurance period or retroactive period resulting in direct losses of a third party indemnified in accordance with terms and conditions of the insurance contract provided that the Insurer is informed thereof in compliance with the procedures set forth in these Terms and Conditions.

Insurance period – a period of time, for which the insurance contract is concluded. The insurance period is specified in the insurance policy.

Damage to life or health – a third party's death, permanent or temporary incapacity for work, physical injury or illness of the third party.

Rescue expenses – expenses agreed upon with the Insurer related to urgent measures to prevent or reduce the damages, even in the events when such measures are not successful.

Co-insured – an individual specified in the insurance policy in addition to the Insured, whose civil liability is co-insured according to the terms and conditions of the insurance contract. All provisions of these Terms and Conditions apply to the Co-insured to the same extent as to the Insured.

The Co-insured may be family members of the Insured – a spouse or a person, with whom the Insured shares the household, not married adult children of the Insured who study at higher educational institutions but no longer than until the age of 24, or other persons who share the household with the Insured.

Civil liability of the persons who carry out household works in favour of the Insured and whose civil liability ensues from the performance of such household works can be insured.

Damage to the property – damage caused to material moveable and real property of a third party or complete loss thereof.

Event – an event caused due to activity or failure to act by the Insured within the Insurance territory, including continuous, periodical or repeated expose to the same by its nature harmful circumstances.

Deductible – percentage of the loss or the amount not indemnified by the Insurer upon the occurrence of an insurable event according to the terms and conditions of the insurance contract. The deductible is determined for claims for each one insurable event or for claims of one person.

Claim – a written submission of a third party to the Insured regarding reimbursement for losses incurred during the insurance period of the retroactive period of the insurance contract in the event caused by the Insured.

Insurance claim – notification of losses – a written submission of the Insured to the Insurer regarding a claim received from third parties during the insurance period or the extended claim period regarding reimbursement for losses incurred during the insurance period or the retroactive period of the insurance contract in the event caused by the Insured.

Extended claim period – a period of time specified in the insurance policy following the expiry of the insurance period, during which third parties are entitled to submit a claim to the Insured or the Insurer.

Pursuant to these Terms and Conditions, each insurance contract is automatically attributed a 3 (three) years extended claim period.

If the insurance contract is terminated prior to the expiry of the insurance period, the extended claim period starts running from the insurance contract termination date.

Retroactive period – a period of time prior to the beginning of the insurance period that is specified in the insurance policy, during which according to the insurance contract the event can take place that causes losses to third parties, which are indemnified in accordance with the terms and conditions of the insurance contract

provided that at the moment of entering into the insurance contract neither the Policyholder, nor the Insured knew of the losses caused by his or her activity or failure to act.

Third parties – any individual or legal entity who incurs losses due to activities or failure to act by the Insured and to whom the insurance indemnity is due pursuant to the terms and conditions of the insurance contract.

For the purposes of these Terms and Conditions third parties are not considered:

- a) the Policyholder, the Insured and the Co-insured;
- b) Insured person's and Policy holder's relatives to the third degree, spouse, as well as their persons in law until the second degree;
- c) companies related to the Policy holder, Insured person and their relatives, which have been mentioned before within the meaning of the law „On Corporate Income Tax”.

Litigation expenses – court and matter settlement expenses agreed upon with the Insurer that have incurred in regard consideration and adjustment of the action brought by third parties against the Insured.

Losses – direct losses caused to third parties due to activities or failure to act by the Insured ensuing from damage caused to life, health or property of the third parties.

2. Insurance object

2.1. The Insurance object is the general civil liability of the Insured for direct damages caused to the property, health or life of third parties due to activity or failure to act by the Insured within the insurance territory.

3. Insurance coverage

3.1. Pursuant to the terms and conditions of the insurance contract, the Insurer pays out to the third party the insurance indemnity in the amount of actual losses proved by documents:

3.1.1. for losses related to damages caused to the life or health of a third party. Losses incurred due to an insurable event in regard to damages caused to the life or health of a third party are losses related to the affected third parties:

- a) medical treatment;
- b) temporary incapacity to work;
- c) permanent incapacity to work;
- c) death.

3.1.2. for losses as regard damages or loss of third party property;

3.1.3. for litigation expenses;

3.1.4. for rescue expenses.

3.2. In the event of insuring the general civil liability of the Insured (according to these Terms and Conditions – the basic type of the civil liability), the insurance object is determined in accordance with Article 2.1 of these Terms and Conditions and the insurance coverage, in compliance with the exceptions set forth in these Terms and Conditions, includes, but is not limited with:

3.2.1. civil liability for losses if these losses are caused by a person subject to the civil liability of the Insured;

3.2.2. civil liability of the Insured as an owner or a tenant of land, building or premises;

3.2.3. civil liability of the Insured as a pedestrian;

3.2.4. civil liability of the Insured participating in marginally dangerous and marginally traumatic sports at the amateur level;

3.2.5. civil liability of the Insured as an owner or holder (guardian) of pets, domesticated small animals and domestic animals;

3.2.6. civil liability of the Insured as an owner or holder of such vehicles or other self-propelled machinery that does not have to be registered in accordance with the procedures set forth in the regulatory enactments of the Republic of Latvia.

3.3. Upon agreement of the parties, pursuant to these Terms and Conditions and effective regulatory enactments of the Republic of Latvia governing compulsory civil liability insurance for constructors and contractors, if there is a note "yes" in a certain field in the insurance policy, an additional type of civil liability – civil liability of the constructor and contract is insured to provide for it:

3.3.1. The insurance object is the civil liability of the Insured as a contractor or constructor for the damage to the life, health or property of a third party during the performance of construction works due to the activity or failure to act by the Insured;

3.3.2. a third party is considered any individual or legal entity apart from the Policyholder, the Insured, employee of the Insured or an individual who performs construction works in favour of the Insured on the basis of some other contract, the Insurer and other persons participating in construction;

3.3.3. Article 4.1.20 of these Terms and Conditions is not valid.

3.4. The insurance contract is valid within the territory of the Republic of Latvia. Upon agreement of the Insurer and the Policyholder and including a special clause thereon in the insurance contract, the insurance contract validity territory can be expanded or reduced.

3.5. When signing the insurance contract or during the validity period of the insurance contract, the Insurer and the Policyholder can agree upon greater or lesser insurance coverage, stipulating it in special terms and conditions of the insurance contract or drawing up a respective annex to the insurance policy, which after signing becomes an integral part of the insurance policy.

All provisions of these Terms and Conditions apply to annexes to the insurance policy, unless stipulated otherwise in the respective annexes to the policy.

4. General exceptions

4.1. The Insurer does not indemnify for losses:

4.1.1. directly or indirectly caused by using atomic and nuclear energy, nuclear reactions, nuclear explosive, nuclear radiation or (nuclear) radioactive pollution, ionizing radiance, radiation or radioactive pollution;

4.1.2. directly or indirectly caused due to radioactive, toxic, explosive or other dangerous characteristics, which is typical to any explosive nuclear equipment or component thereof;

4.1.3. directly or indirectly caused, prompted or increased due to war, invasion, foreign enemy activities, military operations (with or without declaration of war), civil war, rebellion, strike, revolt, disturbances, revolution, riots of military or usurped authorities, state of war, robbery or marauding, violence, vandalism and sabotage; as well as due to property confiscation, nationalisation, alienation or demolition, or destruction, if it is caused by a legally or actually acknowledged state, municipal or any political organisation or persons acting on behalf of them or cooperating with them, or an order of these persons, irrespective of whether it is lawful or not, other political risks;

4.1.4. directly or indirectly caused due to terrorist acts, i.e. acts that express using power and violence, or threats to use them by any third party or group of persons who act individually or in relation to any organisation or government, or on behalf thereof, that are being carried out because of political, religious, ideological or ethnic reasons and that include intention to affect the government or keep public or any part of it in danger. No losses or expenses that have directly or indirectly incurred due to any terror act preventive measures are indemnified.

4.1.5. directly or indirectly caused or resulting from actual, probable or threatening emission, discharge or leak of pollutants, pollution (including gradual pollution), the environmental damage; or any payments ensuing from environmental intoxication or pollution monitoring, control, evaluation, testing or prevention, as well as pollution collection, cleaning, inactivation and environmental purification works, including damage caused to ecology;

4.1.6. directly or indirectly caused due to malicious intent or gross negligence, or criminal activity of the Insured or the affected party.

4.1.7. caused by the Insured/Co-insured deliberately breaking the law, Cabinet of Ministers regulations or other regulatory enactments, standards, rules, technical regulations, instructions and other documents, or if the activities of the said persons, which has caused damages, is classified as crime.

4.1.8. caused due to asbestosis or other related diseases (including cancer), caused by existence, presence, extraction, processing, production, selling, distribution, storage or use of asbestos, asbestos products or products containing asbestos, HIV or AIDS, or other AIDS-related illness or losses caused due to the influence of polychlorinated biphenyl, diethylstilbestrol, dioxide, silicon dioxide, urea-formaldehyde;

4.1.9. caused by transmission of infectious diseases;

4.1.10. caused due to the impact of any kind of electromagnetic field or electromagnetic radiation, including caused by transmission lines or any kind of electric energy products on human psychics or property resulting in damage to person's health or life or decrease in the value of the property;

4.1.11. caused by mildew or toxic mould, mould, formation of wall bacillus caused by continuous conditions (e.g. construction method, incorrect planning or construction, or other characteristics of a building or structure);

4.1.12. that are indirect losses, i.e. that are not indispensable consequences to damage caused to life, health or property, decrease in anticipated profit, penalties and all kind of fines or other similar sanctions, as well as unpaid taxes and other payments, to be made under the law, contract or another agreement;

4.1.13. related to claims regarding pensions, allowances and compensations for medical care in the event of incapacity for work and other social benefits, payment of which pursuant effective regulatory enactments of the Republic of Latvia is within the jurisdiction of the State of Latvia, unless stipulated otherwise by the effective regulatory enactments of the Republic of Latvia;

4.1.14. caused by the Insured while participating in hunting, sailing, windsurfing, equestrian sport or other sports related to use of a horse, sky-diving, mountain climbing, cycling, car racing, motorsports, boxing, other fights, as well as participating in competitions, preparing (training) for competitions and doing professional sports, related to the said sports;

4.1.15. caused by the Insured as an owner, manager, holder or driver of any kind of mechanical land, water or air vehicles (also trailers) that must be registered in accordance with the procedures set forth in regulatory enactments of the Republic of Latvia using the land, water or air mechanical vehicle (also trailer), including the losses in any way related to loading and unloading works; however, in the event of an additional type of civil liability insurance – civil liability of a constructor and the contractor, this Article is not valid in regard to construction equipment specified in the Insurance Application during the performance of construction works at the construction site;

4.1.16. caused due to violations of the regulations governing the use of patents, copyrights, company logos, trademarks or registered design, or any other brand;

4.1.17. caused by domestic or wild animals poaching the fields;

4.1.18. caused by the Insured as an owner, keeper or guardian of dogs, cattle, horses, exotic animals, as well as animals that are kept for the purposes of profit;

4.1.19. in the event when the damage caused to the property is due to the temperature, gas steam (also smoke, soot, dust, etc.), as well as humidity, fall-out, flood resulted from rain or thaw, as well as overflow of sewerage, wells, drainpipes or other similar objects, if it is caused by gradual impact. However, the said losses are indemnified if the above-mentioned impact is sudden and unexpected;

4.1.20. caused by performing construction and installation works;

4.1.21. caused to the land owned by third parties, damages to buildings and other structures caused by vibration, land or building foundation settling, slipping down, tremor or pillar movement, removal or weakening;

4.1.22. caused due to detonation or landslide, or caving in resulting from the detonation;

4.1.23. caused due to flood of running or still waters, changes in the groundwater level;

4.1.24. caused due to depreciation of constructions, equipment and materials, including use of constructions, materials and equipment after the exploitation period set forth in regulatory enactments;

4.1.25. caused by making experiments or scientific studies;

4.1.26. caused due to complete or partial suspension of work;

4.1.27. caused to relatives of the Policyholder or the Insured who live together with them and who share the same household;

4.1.28. related to the liability assumed by the Insured according to a contract or another agreement, unless such liability applies to the Insured even without such contract or agreement;

4.1.29. caused by the Insured while being under the influence of alcohol, narcotic or other toxic or psychotropic substances;

4.1.30. caused due to the damage to the property:

- a) owned by the Insured or rented, leases or borrowed by the Insured;
- b) accepted by the Insured for sale;
- c) managed, supervised, controlled or guarded by the Insured;
- d) transported by the Insured;
- e) or items used for work (that are used to repair, transport, test, load or unload, etc. the stuff) by the Insured;
- f) or items (products) that are processed or affected by the Insured in any other way;

4.1.31. caused due to professional activities (rendering or not-rendering of professional advice or services) or in relation to any mistake or negligence due to this regard, i.e. due to activities, damages caused by which are indemnified in accordance with the professional indemnity insurance contract, including but not limited with professional activities of doctors, architects, engineers, assessors, accountants, lawyers, insurance brokers, auditors, etc.;

4.1.32. caused by the Insured while being engaged in any kind of commercial or professional activity, or caused by the Insured while being an official, holding an office of a director, member of the Board or the Council, or other similar offices;

4.1.33. caused by products made or produced or services rendered by the Insured or on behalf of the Insured.

4.1.34. due to expenses and costs incurred by the Insured by withdrawing from circulations, recalling, testing, repairing, improving or replacing the products produced or delivered or services rendered by the Insured or on behalf of the Insured, if it is related to the defect of the products or services, nonconformity with the requirements, or dangerous characteristics or features of the products or services.

4.2. In the event of an additional type of civil liability insurance – civil liability of the constructor or the contractor, the Insurer does not indemnify for losses:

4.2.1. caused in relation to construction, repair, assembling, dismantling, demolition, dismantling, maintenance and similar works:

- a) within the airfield perimeter;
- b) on boats;
- c) on dams, piers, viaducts (air bridges), underwater constructions;

4.2.2. incurred after completing repair or construction works in the object;

4.2.3. caused due to demolition works, except for events, when bearing constructions of the building are not affected, and self-propelled vehicles, e.g. excavator, bulldozer, are not used;

4.2.4. caused to underground pipes (cables, underground canals, water-pipes, gas-pipes and other pipes), as well as low voltage and high voltage electricity lines, if the Insured has not clarified the location of these pipes and wires before starting the construction works and has not received respective plans.

5. Liability limit

5.1. The liability limit is the maximum amount of the insurance indemnity to compensate actual losses, court expenses and storage expenses.

5.2. By signing the insurance contract, the Policyholder and the Insurer agree upon the liability limit for claims for one insurable event and the liability limit for the entire insurance period (the Total Liability Limit for the Insurance Period). The liability limits are specified in the insurance policy.

5.3. Upon agreement of the Policyholder and the Insurer, the insurance contract may specify separate liability limits:

- 5.3.1. for one person's claims;
- 5.3.2. lower limits for a separate type of loss (damage to health, damage to property and other).

5.4. If an additional type of insurance – civil liability of the constructor and contractor is insured pursuant to the insurance contract, the liability limits are determined in accordance with the effective regulatory enactments of the Republic of Latvia and specified in the insurance policy. Upon agreement of the parties the liability limits may be set higher than the ones determined by the effective regulatory enactments of the Republic of Latvia governing civil liability insurance of constructors and contractors.

5.5. The amount of the insurance indemnity paid out for the losses caused by one insurable event may under no conditions exceed the liability limit for claims for one insurable event.

All losses caused by the same reason or circumstances, and continuous or repeated impact, are considered one insurable event that has occurred during the insurance period, in which the first claim has been submitted.

5.6. If the liability limit for one person's claim is specified in the insurance policy, the amount of the insurance indemnity paid for the losses incurred by one person may under no conditions exceed the liability limit for one person's claim.

5.7. The amount of the insurance indemnity for all insurable events during the insurance period may not exceed the liability limit for claims for the entire insurance period.

5.8. After the insurance indemnity is paid out, the liability limit for claims for the entire insurance period is reduced by the amount of the insurance indemnity paid out. The Policyholder may restore the liability limit for claims for the entire insurance period by signing an additional agreement to the insurance policy for the remaining insurance period in accordance with these Terms and Conditions and paying the insurance premium calculated by the Insurer.

5.9. Upon agreement with the Insurer, the Policyholder may increase/reduce the liability limit during the insurance period for claims for the entire insurance period or increase/decrease the liability limit for one person's claim, or the liability limit for claims for one insurable event, or particular liability limits/lower-limits. When changing the liability limits, an additional agreement to the insurance policy is drawn up and if the liability limit is increased, the Policyholder pays the insurance premium calculated

by the Insurer.

6. Insurance contract conclusion and insurance premium payment procedure

- 6.1. The insurance contract is concluded based on a written completed insurance claim of a standard form submitted by the Policyholder to the Insurer, which is an integral part of the insurance contract.
- 6.2. The Insurer is entitled to request other documents or information required for risk assessment and conclusion of an insurance contract.
- 6.3. After signing the insurance contract, the Insurer issues to the Policyholder the insurance policy, which confirms the conclusion of the insurance contract.
- 6.4. The insurance contract is concluded for 1 (one) year, unless the Insurer and the Policyholder agree upon another period.
- 6.5. The insurance contract comes into force on the date specified in the insurance policy provided that the insurance premium (in the event of paying the insurance premium in instalments – the first instalment) is paid in the amount and within the time period specified in the insurance policy. If the insurance premium or the first instalment thereof is not paid by the date specified in the insurance policy, the insurance policy is not valid from the moment of signing it. If the insurance premium or, respectively, the first instalment thereof is paid after the date specified in the insurance policy, the validity of the insurance policy is restored on the next day after the insurance premium is paid, but within 15 (fifteen) days after the receipt of the insurance premium the Insurer is entitled to send the Policyholder a written notification regarding decline of the insurance premium payment and the insurance policy not coming into force refunding the paid insurance premium.
- 6.6. The Policyholder is obliged to pay the insurance premium on the date and in the amount specified in the insurance policy. If on the date specified in the insurance policy the insurance premium payment is not complete, the Insurer is entitled to suspend and terminate the validity of the insurance contract in accordance with the procedure prescribed by the effective regulatory enactments of the Republic of Latvia.

7. Obligations of the policyholder and the insured

- 7.1. The Policyholder and the Insured are obliged:
 - 7.1.1. to immediately, as soon as possible, notify the Insurer in writing during the validity period of the insurance contract of all changes in information provided in all documents submitted to the Insurer, as well as of other circumstances that may increase the probability of the occurrence of the insured risk or the amount of potential losses upon occurrence of the insurable event.
 - 7.1.2. to inform the Insurer of other valid insurance contracts known to him/her that are related to the same insurance object;
 - 7.1.3. to allow the Insurer to inspect the insured property during the validity period of the insurance contract;
 - 7.1.4. to inform the Insurer of changes in the declared or actual (if it differs from the declared) place of residence within 10 (ten) days after such changes are made. If the Policyholder and the Insured are two different individuals, both the Policyholder and the Insurer must inform the Insurer of the changes in the declared or actual place of residence.

8. Obligations and rights of the policyholder, the insured and the insurer upon occurrence of the potential insurable event

- 8.1. Upon the occurrence of an insurable event, the Policyholder/Insured is obliged:
 - 8.1.1. to immediately, as soon as possible, but no later than within a period of time provided by the effective regulatory enactments of the Republic of Latvia inform the Insurer in writing of any claim or action brought against him or her regarding losses caused to third parties;
 - 8.1.2. to immediately, as soon as possible, inform the Insurer in writing of the events that could be a potential reason to bring a claim or action against the Insured regarding losses, indemnification for which is provided by the concluded insurance contract;
 - 8.1.3. upon written agreement with the Insurer, to take all possible reasonable measures to prevent or reduce the incurred or potential losses that could be the reason for third party claims. If due to the reasons beyond control of the Policyholder/Insured it is not possible to notify the Insurer of the necessity to take urgent measures that could prevent or reduce the potential or incurred losses, the Policyholder/Insured must take urgent measures to prevent or reduce the potential or incurred losses without agreement of the Insurer;
 - 8.1.4. to take all necessary measures, as well as to submit to the Insurer all available information and documentation that allows to evaluate the reasons, nature and amounts of the caused losses;
 - 8.1.5. to the extent that is possible to ensure participation of the Insurer in the determination of the reasons and amount of losses;
 - 8.1.6. upon request of the Insurer, to authorise the Insurer to receive the required documents and copies thereof and represent the interest of the Policyholder/Insured in court or other instances;
 - 8.1.7. immediately after receiving them, to submit to the Insurer all documents (claims, notices and summons to arrive or participate in the court hearing, etc.) received from third parties in regard to the claim for loss compensation;
 - 8.1.8. to inform the third party in writing of the necessity to turn to the Insurer to assess the caused losses, as well as to inform the Insurer in writing that the third party is informed thereof;
 - 8.1.9. The Policyholder, the Insured or any other party acting on behalf of the Insured are not entitled to express readiness to partially or completely admit his or her guilt, claims or complaints, or make any payments for the claims that could be the subject to the insurance contract indemnity without written agreement of the Insurer; The Policyholder, the Insured or any other party acting on behalf of the Insured or the Policyholder must follow instructions given by the Insurer in regard to the settlement of the claim or complaint.

If the Policyholder, the Insured or any party acting on behalf of the Policyholder/Insured breaches the instructions given by the Insurer, promises or expenses that exceed the amount for which the Insurer has recommended to settle

the claim/complaint are not binding on the Insurer.

8.1.10. The Insurer is entitled but not obliged to take over and examine and settle on behalf of the Insured any claim or complaint, or to find an amicable solutions at any its consideration stage or instance, as well as to bring an action and represent interest of the Insured in court. The Insurer has the freedom of action in selecting the way and strategy of the claim settlement, but the Policyholder/Insured is obliged to provide the Insurer with all required information or assistance in arranging these processes.

8.1.11. At any stage of the third party claim consideration the Insurer is entitled to recommend the Insured or authorised persons thereof to settle a respective claim/complaint for a particular amount.

8.2. The Insurer is entitled to terminate the insurance contract, as well as refuse to pay the insurance indemnity or to reduce the amount thereof if the Policyholder/Insured fails to meet any of the requirements referred to in Articles 7.1 – 8.1.9 of these Terms and Conditions.

9. Insurance indemnity

9.1. The Insurer pays out the insurance indemnity in the amount that is equal to the amount of actual losses caused to a third party, including litigation expenses and storage expenses, not exceeding the liability limits specified in the insurance policy and deducting the deductible specified in the insurance policy. In order to claim for the insurance indemnity, the following documents must be submitted to the Insurer:

- 9.1.1. the insurance claim – notification of losses completed by the Insured, which must provide as much as possible complete and detailed information on the potential insurable event or the insurable event that has already occurred, specifying other insurance companies, with whom general or contractor, constructor civil liability insurance contracts are concluded;
 - 9.1.2. a copy of the insurance policy;
 - 9.1.3. the court decision regarding reimbursement for losses to a third party in the event third parties bring an action regarding loss compensation and the claim is resolved by the court;
 - 9.1.4. the complaint of a third party regarding the caused damages;
 - 9.1.5. the opinion of the Latvia State Centre for Forensic Medical Examination or an opinion of a medical institution on the nature and severity of the damage caused to life or health of a third party or on the cause of death, as well as on possibility of whether the third party has been under the influence of alcohol, narcotic, toxic or psychotropic substances;
 - 9.1.6. the extract from the inpatient's medical card;
 - 9.1.7. the documents confirming the right of a third party to receive the insurance indemnity (e.g. documents confirming the property rights);
 - 9.1.8. the documents confirming the amount of the caused losses;
 - 9.1.9. references of competent state authorities regarding the potential insurable event;
 - 9.1.10. other documents confirming the occurrence of the insurable event and the amount of caused losses;
 - 9.1.11. If the insurance contract is concluded in regard to the civil liability insurance of the constructor or the contractor, the Insured must submit to the Insurer all documents provided for by the effective regulatory enactments of the Republic of Latvia governing compulsory civil liability insurance for constructors and contractors.
- 9.2. According to the liability limits of the Insurer the following losses caused to a third party due to damage to his or her health or life due to activity or failure to act by the Insured within the insurance territory are indemnified in accordance with the compensation principle:
- 9.2.1. losses related to medical treatment of an injured third party, i.e. expenses related to the delivery, admitting and keeping the injured third party at a medical institution, diagnostics, medical treatment, health recovery at a medical and rehabilitation institution, nursing of the injured person, acquisition of medicinal products, medical food, home treatment (including travelling expenses, visiting the medical or rehabilitation institution), as well as prosthetics, endoprosthesis, acquisition or rent of technical aids. Pursuant to these Terms and Conditions no expenses are indemnified for medical treatment of the injured party with increased service accommodations. For the purposes of these Terms and Conditions increased service accommodations are considered services offered by a medical institution that make the treatment procedure more comfortable but are not compulsory for a successful course of medical treatment;
 - 9.2.2. losses related to temporary incapacity for work of an injured third party, i.e. unearned income of the injured third party for the time period of incapacity for work certified by a medical person, i.e. the amount equal to the average earnings of the injured third party that is calculated in accordance with the procedure set forth in the effective regulatory enactments of the Republic of Latvia for the time period of incapacity for work certified by a medical person less benefits and compensations granted in accordance with the procedure set forth in the effective regulatory enactments of the Republic of Latvia that have been received by the injured third party after the damage to his or her health has been done;
 - 9.2.3. losses related to incapacity for work of an injured third party, i.e. difference of the income of the injured third party that is equal to the unearned income determined in accordance with the procedure set forth in Article 9.2.2 of these Terms and Conditions less the received earned income (if such exists) and pensions granted from the state social insurance budget or benefits received from state or municipal budget. By signing a separate written agreement the Insurer and the third party may agree upon the procedure, according to which the insurance indemnity will be paid out.
 - 9.2.4. losses related to the death of an injured third party, i.e. damage caused to the dependents of the injured third party due to the death of the injured person is considered the part of the unearned income of the dead person due to each dependent while the injured person being alive less the pensions in case of loss of support granted to the dependent.

Dependents are:

- a) children, also adoptees of the injured third party, until they reach the age of majority or while they are studying at a secondary educational institution, or are full time students at a higher educational institution, but no more than until the age of 24 (twenty-four), as well as regardless of age, if they have become disabled before reaching the age of majority;

b) brothers, sisters and grandchildren of the third injured party, if they are under the age of 18 (eighteen) and they do not have any other provider with a capacity for work or while they are studying at the secondary educational institution, or they are full-time students of the higher educational institution, but no more than until the age of 24, as well as regardless of the age, if they do not have any other providers with a capacity for work and they have become disabled before reaching the age of majority;

c) widow (widower) with incapacity for work of the injured third party, parents or grandparents with incapacity for work until renewal of their capacity for work, as well as widow (widower) with a capacity for work, if there are children up to age of 8 (eight) or a disabled child in a family.

d) other dependent family members of the third person, which are considered as such in accordance with the Law on State Pensions.

By signing a separate written agreement the Insurer and the Dependent, who is entitled to receive the insurance indemnity, or a representative of the Dependent agree upon the amount and the procedure for paying out the insurance indemnity. The said agreement includes the following conditions: if the Dependent/representative of the Dependent forfeits the right to receive the insurance indemnity, he or she must immediately inform the Insurer thereof; if the Dependent/representative of the Dependent fails to fulfil the said obligation, the Dependent/representative of the Dependent is obliged to reimburse the Insurer for all losses incurred in this regard.

9.2.5. funeral expenses – the insurance covers reasonable expenses actually incurred and proved with documents. An individual, who has undertaken a burial and has presented the original of the death certificate, as well as has submitted a document attesting to the fact of burial, is entitled to receive loss compensation related to the burial of the injured third party.

9.3. The following damages caused to third parties within the insurance territory by activities or failure to act by the Insured due to the damage caused to the property of third parties or the loss thereof are indemnified in accordance with the liability limits of the Insurer:

9.3.1. in the event of complete loss of the property – the amount equal to the difference between the actual value of the property just before and after the insurable event. The property is considered lost, if its repair is not technically possible or is economically unjustified. The repair is considered economically unjustified if the expected repair costs exceed the difference between the actual value of the property just before and after the insurable event. In the event of complete loss of the property, upon agreement with the third party, the Insurer pays out the insurance indemnity in the following amount:

- if the third party – the owner of the property – admits that the property is lost, the Insurer pays out the insurance indemnity in the amount that is equal to the actual value of the property just before the insurable event and the third party delivers the remains of the property to the Insurer;

- if the third party – the owner of the property – does not agree that the property is lost, the Insurer pays out the insurance indemnity in the amount that is equal to the difference of the actual value of the property just before and after the insurable event.

9.3.2. In the event when the property is damaged – expenses required to restore the property to the condition as it was just before the insurable event.

9.4. If it is not possible to reach the agreement with the third party regarding the amount of losses, the Insurer is entitled to request opinion of an independent expert (expert company). Expenses of expert examination are considered losses and they are compensated within the liability limits specified in the insurance contract (policy).

9.5. The amount of the insurance indemnity for claims for one insurable event is calculated in accordance with the following procedures: the deductible specified in the insurance policy is deducted from the amount of the caused losses (including litigation expenses and rescue expenses), as well as the Insurer is entitled to withhold the outstanding part of the insurance premium, if the insurance policy provides for the payment of the insurance premium in instalments.

9.6. If the insurable event causes losses to several persons and the amount of losses exceeds the liability limit specified in the insurance contract (policy) set out for claims for one insurable event, the Insurer pays out the insurance indemnities in order the insurance claims have been submitted until the amount of the paid out insurance indemnities reaches the liability limit specified in the insurance policy for claims for one insurable event.

9.7. If it is established that several persons are jointly liable for the losses, the insurance indemnity is paid out to the injured third parties in proportion to the level of liability of the Insured.

9.8. If other persons reimburse third parties for the caused loss, the Insurer only pays out the difference between the amount of indemnity to be paid out in accordance with the insurance contract and the amount reimbursed by other persons. The Policyholder/Insured must inform the Insurer of such reimbursement, also in the event when such reimbursement is received after the Insurer has already paid out the insurance indemnity or after the expiry of the insurance contract.

9.9. If several Insurers have insured civil liability of the Insured, each Insurer pays out the insurance indemnity in proportion to the liability limit specified in each insurance contract (policy); however the total amount of the paid out insurance indemnity may not exceed the amount of losses caused to the third party upon occurrence of an insurable event.

9.10. All insurance indemnities related to the insurance contract are paid by the Insurer in the order they have been submitted.

9.11. The Insurer will not indemnify for losses repeatedly incurred due to the same reason that has already caused losses to a third party and which have already been indemnified by the Insurer.

9.12. From the moment the Insurer fulfils all obligations undertaken in accordance with the insurance contract, the entire burden of third party claims due to reimbursement for losses caused by activity/failure to act by the Insured is transferred to the Insured.

10. Insurance indemnity payment procedure

10.1. These Terms and Conditions provide for the following insurance indemnity payment procedure:

10.1.1. the insurance indemnity is paid out to a third party who is entitled to receive

the insurance indemnity;

10.1.2. if upon written agreement with the Insurer the Policyholder/Insured reimburses the injured third party for all caused damages, the Insurer pays out the insurance indemnity to the Policyholder/Insured when the Policyholder/Insured submits all documents confirming reimbursement for the damages caused to the third party.

10.2. The insurance indemnity is paid out in the amount substantiated by respective documents not exceeding the liability limits provided that the event that has caused damages to a third party has occurred during the validity period of the insurance contract or during the retroactive period, and:

10.2.1. the claim of a third party for the first time is submitted to the Insured during the insurance period or within a period of 30 (thirty) days after the expiry of the insurance period, or during the extended claim period, if such is specified in the policy provided that the Insured has submitted to the Insurer the insurance claim – notification of losses within the time limits provided by the effective regulatory enactments of the Republic of Latvia;

10.2.2. if the third party submits the claim to the Insurer during the insurance period or within a period of 30 (thirty) days after the expiry of the insurance period, or during the extended claim period, if such is provided for by the policy.

10.3. If a third party submits the claim during the extended claim period it is considered that the claim has been submitted on the last day of the insurance period validity.

If during the insurance period the Insured submits a written notice of the event that could be a potential reason to submit a claim against the Insured, the insurance claim – notification of the losses caused due to the said event that is submitted no later than 30 (thirty) days prior to the policy expiry date or during the extended claim period is considered as submitted on the last day of the insurance period.

10.4. The Insurer pays out the insurance indemnity to a third party in accordance with the terms and conditions of the insurance contract during the validity period (insurance period) of which the third party submits the claim to the Insured or the Insurer for the first time in compliance with Articles 10.2 and 10.3 of these Terms and Conditions.

10.5. Within a period of 30 (thirty) days after receiving the claim or the insurance claim – notification of losses and all required documents confirming the fact and amount of the losses and the right of the third party to receive the insurance indemnity, the Insurer makes a decision regarding payment of the insurance indemnity, the reduction thereof or decline and informs the third party and the Insured thereof in writing within 10 (ten) working days. The Insurer pays out the insurance indemnity to the third party within 15 (fifteen) working days after the decision to pay out the insurance indemnity is made or, if the claim regarding loss compensation is settled in court, within 10 (ten) working days after the court decision comes into force.

11. Other terms and conditions

11.1. The Policyholder is entitled to terminate the insurance contract at any time and receive the part of the paid insurance premium for each full day of the remaining validity period of the insurance contract until the expiry thereof, if no claim for loss compensation or third party claim is submitted and no insurance indemnity is paid out according to the respective insurance contract. In such a case the Insurer withhold from the amount to be paid out the Insurer's expenses related to the conclusion of the insurance contract that may not exceed 25 % (twenty-five per cent), unless the parties have agreed otherwise. If the said condition is not met, the paid insurance premium is not refunded to the Policyholder.

11.2. The Insurer is entitled to terminate the insurance contract in the events provided for by the effective regulatory enactments of the Republic of Latvia. Upon termination of the insurance contract in the events set forth in the effective regulatory enactments of the Republic of Latvia the Insurer refunds to the Policyholder the paid insurance premium in proportion to the unused period.

11.3. The Insured or a third party is obliged to pay back to the Insurer the received insurance indemnity if after paying out the insurance indemnity it is established that the payment thereof was not substantiated according to the regulatory enactments of the Republic of Latvia or according to the terms and conditions of the insurance contract.

11.4. Parties of the insurance contract are not entitled to assign any of their claim rights ensuing from the insurance contract to third parties, including already existing or potential claim rights.

11.5. All disputes arising between the Insurer, the Policyholder and the Insured ensuing from the insurance contract (including the policy and the insurance terms and conditions) are settled by means of negotiations.

If mutual agreement cannot be reached, any dispute, disagreement or claim brought by the Insurer, the Policyholder and the Insured ensuing from the insurance contract (including the policy and insurance terms and conditions), related to it or its violation, termination or invalidity, will be finally resolved by the International Court of Arbitration for Commercial Transactions (registration number: 40003764669) in accordance with its Regulations, in Riga, in a written procedure, in Latvian language, by 1 (one) judge appointed by the Council of the Court of Arbitration and applying effective regulatory enactments of the Republic of Latvia.

Upon agreement of the parties, another dispute settlement procedure may be provided for in the insurance contract.

11.6. Parties of the insurance contract are considered not only the Insurer and the Policyholder but also the Insured, representing whom and in favour of whom the Policyholder has concluded the insurance contract therefore all the provisions of the respective insurance contract are binding on the Insured, including clause of the Court of Arbitration, and the Insured is not considered a third party in terms of Section 487 of the Civil Procedure Law of the Republic of Latvia.

11.7. The Insurer and the Policyholder/Insured undertake to not disclose the confidential information on the other party or third parties received in regard to the insurance contract and not to use it against the interests of the other party.

11.8. A respectively authorised representative of the Policyholder/Insured allows the Insurer, as the manager of the system, recipient of the personal data and the operator of personal data, to process personal data of the respectively authorised

representative of the Policyholder/Insured, including sensitive personal data and personal identification (classification) codes in accordance with the Personal Data Protection Law and other regulatory enactments of the Republic of Latvia for the administration of the insurance contract.

As well as certifies that he or she allows the Insurer to receive information from state personal data processing institutions and the Credit Register of the Bank of Latvia on him or herself, if such information is necessary for the Insurer and is informed that in the events prescribed by effective regulatory enactments of the Republic of Latvia the Insurer will provide information on him or her to the Credit Register.

11.9. Relations between the Insurer, the Policyholder, the Insured, the Co-insured and third parties ensuing from the insurance contract are governed by the effective regulatory enactments of the Republic of Latvia.