

Approved by Insurance company "BTA" SE Board Resolution No 28 of 15.03.2011 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.

According to the General Insurance Conditions and the present conditions „BTA Insurance Company” SE, hereafter in text – BTA concludes Insurance contracts with the Policyholder on the insurance of real property, movable property and the civil liability of the owner of the real property.

I. PROPERTY INSURANCE

1. Insurance Object

1.1. Only insurance objects clearly indicated in the concluded insurance contract are insured.

1.2. When insuring real estate, the insurance object may be:

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

A building is insured together with all its essential parts, which are:

(1) integrated elements (e.g. building foundation, external walls, inner walls, floor decks, roof constructions and surfacing);

(2) doors, gates, elevators, stairs, windows and glazing;

(3) interior and exterior decoration;

(4) water supply, heating, sewerage, electricity supply and communication systems with all stationary elements attached thereto (including sanitary equipment, boilers and radiators, hot water boilers, pumps, filters, built-in light fixtures, under floor heating, stationary stoves, chimneys, fire and security alarm systems, stationary fire safety equipment, advertising materials, signboards and installations on the external walls of the building);

(5) built-in air conditioning and ventilation equipment;

(6) external engineering and technical communications located at the place the insurance contract is valid, which branch off from the insurance object to the connection to public networks and which are subject to legal liability of the Insured as regards operation and repair of these communications;

(7) other integral parts of the building construction;

1.2.2. Part of the building (including in row houses) – actual share of the joint ownership used for dwelling;

1.2.3. Apartment – residential premises or the complex of premises situated in an apartment house and separated from the rest of the house, which are outlined in the building inventory plan. The apartment is insured, including all its significant component parts that make boundaries of this apartment in accordance with Article 1.2.1. Apartment insurance also includes insurance of common property share legally related thereto.

1.2.4. Auxiliary building – a separate non-residential construction (e.g. a bath-house, garage, cellar, cattle-shed, barn, shed);

1.2.5. Improvement construction – a structure that is permanently fixed to the land plot, on which the insured real estate referred to in Article 1.2.1, 1.2.2 and 1.2.4 of these Terms and Conditions is located (e.g. barriers, walls, fencing, sheds, elevated roads, access roads and pedestrian roads, stationary sprinkler systems, outdoor lighting, flag poles, advertising stands), unless it is stipulated otherwise in the concluded insurance contract. If the insurance object – improvement construction – is not indicated in the insurance contract, BTA will reimburse for losses as regards improvement constructions up to 5 % (five per cent) of the insured sum of the building, but no more than LVL 5 000 (five thousand lats) for one insurable event. Such losses are indemnified provided that the insurance object specified in the insurance contract is a building or a part of the building. Insurance covers only the improvement constructions that are located on the insured building land plot in accordance with the boundary plan;

1.2.6. Repair investments – exterior and interior decoration of buildings or building parts (including water supply, heating, sewerage, electricity supply and communication systems with all stationary elements attached thereto).

1.3. Pursuant to these Terms and Conditions, land is not insured as real estate.

1.4. Unless stipulated otherwise in the insurance contract, when insuring real estate, the concluded insurance contract is not valid as regards:

1.4.1. items attached to external walls of the insurance object that are not obligatory necessary for use of the insurance object or installation of which was not provided for in the insurance object construction design, i.e. such items that have been installed during use of the insurance object (e.g. window covers, satellite antennas, video surveillance systems);

However, BTA will indemnify for losses as regards stationary items attached to the insured real estate. The indemnity limit of LVL 5 000 (five thousand lats) for one insurable event is set as regards such losses. Such losses are indemnified provided that the insurance object specified in the insurance contract is a building;

1.4.2. engineering leads from distribution network to the building connection shutting-off device or connection distribution;

However, BTA will indemnify for the damages of external engineering communications (e.g. pipes, cables) branching off from the insured real estate to main connections, repair and operation of which is responsibility of the Insured. The indemnity limit of LVL 5 000 (five thousand lats) for one insurable event is set as regards such losses. Such losses are indemnified provided that the insurance object specified in the insurance contract is a building or a part of the building;

1.4.3. water basins outside the insurance object (e.g. ponds, fountains, pools, reservoirs);

1.4.4. pumps submerged in water basins, boreholes and wells;

1.4.5. water or other liquids in pipes or pools of the insurance object;

1.4.6. sculptures, sports grounds;

1.4.7. greenhouses;

1.4.8. bridges, footbridges, berths, anchorages, structures on the water (in the water);

1.4.9. real estate (or parts thereof) that have not been put into operation in accordance with the procedure set forth in regulatory enactments of the Republic of Latvia, are in critical condition or are considered as not suitable for use, or have been built without meeting requirements of the regulatory enactments of the Republic of Latvia, including unauthorized construction (prior to signing the insurance contract the Policyholder is obliged to inform BTA if the real estate to be insured is in critical condition or is considered not suitable for use, or unauthorized construction has been carried out in the insurance object).

1.5. In accordance with these Terms and Conditions, moveable property is any legally acquired moveable asset owned or managed by the Insured or the Policyholder, which is located in the insurance contract validity place.

1.6. Moveable property is only insured if it is located in the insured real estate, except for the events when, pursuant to the concluded insurance contract, an additional insurance coverage is provided – Insurance of Moveable Property outside the House.

However, BTA indemnifies for the damages of the property outside buildings and premises if it is provided for by the insured moveable property usage specifics and this property is insured in accordance with the insurance contract. Third party illegal activity risk as regards the property outside the buildings or premises is only insured provided that the insured property is in a compound with 24-hour security.

1.7. Except for the property referred to in Article 1.10 of these Terms and Conditions, which can be only insured as separate items, upon decision of the Policyholder moveable property may be insured:

1.7.1. as aggregation of items;

1.7.2. as separate items.

Unless it is stipulated otherwise in the insurance contract, moveable property is insured as separate items.

1.8. When insuring moveable property as aggregation of items it is insured in accordance with the first-loss compensation principle, i.e. the insurance contract does not separately specify each insurance object, the insurance contract only specifies the groups of the insured moveable property and the insured sum – loss compensation limit for each insurance group of the insured moveable property, and upon occurrence of an insurable event BTA will indemnify for the incurred losses without exceeding the insured sum – loss compensation limit set for a respective moveable property insurance group. In such case the under-insurance principle is not applied. In accordance with these Terms and Conditions, the moveable property is grouped into the following groups:

1.8.1. electronic appliances (including radio, television, video appliances, communication devices, photo and movie devices, non-built-in household appliances);

1.8.2. furniture and working tables (including built-in household appliances, carpets, work tools);

1.8.3. computers and their peripherals (including printers, scanners, computer audio equipment, external data memory blocks, modems);

1.8.4. sports and recreational equipment (including bicycles, exercise equipment, skis);

1.8.5. shoes and clothes (including, furs, glasses, watches);

1.8.6. other moveable belongings not included in the listed groups.

1.9. When insuring moveable property as separate items, each insured item is specified in the insurance contract and for each insured item the insured sum is specified; in such case the under-insurance principle can be applied.

1.10. Unless stipulated otherwise in the insurance contract, when insuring moveable property the concluded insurance contract is not valid as regards:

1.10.1. plants, animals;

1.10.2. constructions and structures not intended for long-term operation (e.g. tents, sheds, inflated constructions);

1.10.3. land, water and air vehicles and belongings thereof;

1.10.4. construction materials;

1.10.5. guns, ammunition, explosives;

1.10.6. computer software, licences, electronic information, databases;

1.10.7. cash, securities, bonds, documents, manuscripts, drawings, paintings, plans, card files, payment cards and other means of payment;

1.10.8. jewellery, precious metals and articles thereof, precious and semiprecious stone;

1.10.9. paintings, unique items, prototypes and collections;

For the purpose of these Terms and Conditions collections is considered several homogeneous items (e.g. stamps, postcards, calendars, labels, coins) grouped together having scientific, cultural historical or artistic value or that are gathered for non-commercial purposes;

1.10.10. antique items.

For the purposes of these Terms and Conditions antique items are considered the items made before 1940.

2. Insurance Coverage

2.1. The insurance object is insured against the following basic risks, if they are specified as insured in the insurance contract:

2.1.1. Fire.

(1) BTA compensates the losses for the damage of moveable property or real estate if it is caused by:

Fire – fire ignition at places not meant for fire, also going beyond the place meant for fire and being able to spread by itself. The insurance also covers soot, smoke and fire-fighting result damage to the insurance object, if it has been caused by the fire; Explosion – gas or steam outburst based on a sudden force expression. Occurrence of a container (e.g. boiler, pipe) explosion is considered happened if its walls are broken to the extent that suddenly pressure between inside and outside of the container is the same;

Bolt of lightning (also ball lightning) – direct impact of lightning on the insurance object causing damage or fire;

Fall of a manned aircraft, parts or cargo thereof – direct fall of the manned aircraft, parts or cargo thereof on the insurance object.

(2) An insurable event caused by the fire is not considered damage to the insurance object and the losses are not compensated if it is directly or indirectly caused by:

- 1) intentional subjection of the insurance object to fire or heat;
- 2) overheating, fusing, smouldering or scorching, if it is not caused by a fire;
- 3) electrical device damage caused by electric current impact with or without sparking (e.g. exceeding current intensity or voltage, bad insulation, short circuit, interwinding fault, bad contact, damaged measuring, control or safety devices, secondary facts of bolt of lightning), if it is not caused fire or there is not fire risk consequences;
- 4) damage to the internal combustion engine, if it is caused by explosions encountered in combustors;
- 5) impact of explosives.

However, BTA indemnifies for losses incurred due to overvoltage damages caused by the lighting up to LVL 300 (three hundred lats) during the validity period of the insurance contract.

2.1.2. Leakage of liquid or steam.

(1) BTA indemnifies for losses for the damage of insured moveable property or real estate if it is caused by:

- 1) an accident in communication systems inside the building (e.g. water supply, sewerage, heating, waste water, ventilation, conditioning and fire extinguishing system pipes, sanitary ware or household devices), i.e. their sudden and unexpected break, fracture or blocking resulting in leakage of liquid or steam;
- 2) freezing up of pipes inside the building resulting in pipe fracture;
- 3) activity or failure to act by third parties causing leakage of liquids or steam from internal communication systems;
- 4) leakage of liquid due to automatic reaction of stationary automatic fire-extinguishing systems and devices (e.g. sprinklers).

(2) An insurable event caused by the leakage of liquid or steam is not considered damage to the insurance object and the losses are not compensated if it is directly or indirectly caused by:

- 1) rising groundwater level;
- 2) condensate accumulation;
- 3) atmosphere fall-out inflow into the building through the roof, windows, doors, building stitches, foundation and other constructions;
- 4) premises cleaning;
- 5) tests, overload or pressure changes;
- 6) accidents, occlusions, freezing up or failure to drain liquid in pipes outside the building until main pipe resulting in building sewerage system being flooded.

(3) BTA does not indemnify losses:

- 1) for communication system repairs caused by liquid or steam leakage;
- 2) for moveable property damages, if such property has been stored in a basement less than 10 cm over the floor level.

2.1.3. Natural disaster damages.

(1) BTA indemnifies for losses for the damage of insured moveable property or real estate if it is caused by:

Storm – wind with at least wind force 7 (seven) Beaufort or 17 m/s (seventeen meters per second). Losses for damage to the insurance object due to the storm by downfall of trees, poles, building constructions and other items are also indemnified. If the wind speed cannot be estimated at the location of the insurance object, it is considered that the storm took place if the wind has caused damage to buildings and objects near the insurance object that were in excellent condition;

Hail – atmosphere precipitation in form of ice pellets;

(2) An insurable event caused by the natural disasters is not considered damage to the insurance object and the losses are not compensated if it is directly or indirectly caused by:

- 1) penetration of precipitation (e.g. water, hail, snow, mud) into buildings or premises through windows, doors, roof and other openings in building constructions, except for the event when such openings are damages of the insurance object caused by natural disasters;
- 2) leaving the moveable property that is not meant to be kept outside under the open sky.

Snow impact.

(1) BTA indemnifies for losses as regards damage to the moveable or real property caused by snow impact on the building roofing or constructions, provided that the sheet of snow has been caused by continuous, heavy snow and the damage to roofing or constructions has occurred no later than 24 (twenty-four) hours counting from the end of the day the heavy snowfall takes place at the location of the insurance object.

In accordance with these Terms and Conditions, heavy snow is considered a snow fall resulting in a snow layer of 100 mm (one hundred millimetres) or more in 24 (twenty-four) hours.

(2) BTA does not indemnify for losses if the Policyholder or the Insured fail to maintain roofs of the buildings/constructions in technical order by regularly cleaning the roofs from snow or ice and preventing accumulation of snow and/or ice.

Fall down of trees, poles, pillars and their parts. BTA indemnifies for losses as regards sudden and unexpected physical damage to the insurance object caused by free falling down of trees, poles, pillars or parts thereof near the insurance object that has not been caused by human activities, physical depreciation (deterioration) or long-term wear out processes (e.g. corrosion, decomposition, putrefaction processes).

2.1.4. Illegal activities of third parties. BTA compensates the losses for the damage of moveable property or real estate if it is caused by:

Property damages – illegal activities or failure to act by third parties, due to which the insurance object gets damaged, becomes partially or completely useless or not valuable.

Once in the insurance period BTA reimburses for losses caused by marking, painting or smearing the insurance object; however, the insurance indemnity does not exceed 2 % (two per cent) of the insurance amount fixed for the damaged insurance object in the insurance contract.

Burglary – secret or exposed theft of moveable property or real estate belongings if it is committed by third parties illegally entering closed premises with evident burglary signs – by breaking, mechanically damaging obstacles or breaking the locks installed to restrict unauthorized access to the premises;

Robbery – stealing of moveable property or real estate belongings if it is related to violence or threat of violence to persons who are legally in the insurance object;

Impact of a land vehicle – damage to the insurance object due to direct mechanical impact of a land vehicle, including railway transport, on the insurance object.

2.2. The insurance object is insured against the following additional risks, if they are specified as insured in the insurance contract:

2.2.1. Smoke impact. BTA indemnifies for the losses as regards damage to moveable property or real estate caused by smoke suddenly broken out from heating, boiling or drying equipment located at the insurance object;

2.2.2. Superjet shock wave. BTA indemnifies for the losses as regards damage to moveable property or real estate caused by direct impact of the superjet shock wave on the insurance object.

2.2.3. Flood – high water.

(1) BTA compensates losses for the damage to moveable property or real estate if it is caused by a certain territory being flooded with water run over the open watercourses or reservoirs, broken through barricades, dams or banks.

(2) An insurable event caused by flood – high water is not considered damage to the insurance object and the losses are not compensated if it is directly or indirectly caused by:

- 1) raising groundwater and waste water level, even if it is caused by raising water level in open watercourses;
- 2) impact of waves, gravitational tide and ebb;
- 3) expected flood – high water. In accordance with these Terms and Conditions the expected flood – high water is considered flood – high water if pursuant to the statistical data flood – high water has appeared at the location of the insurance object more often than 2 (twice) in the last 20 (twenty) years;

2.2.4. Overground engineering-technical communication icing. BTA indemnifies for losses as regards damages to moveable property or real estate if they are caused by overground engineering-technical communication icing exceeding 10 mm (ten millimetres);

2.2.5. Earthquake. BTA indemnifies for losses as regards damage to moveable property or real estate if it is caused by an earthquake, i.e. sudden release of energy in the Earth's crust that creates seismic waves with magnitude of at least 4 (four) by Richter scale or 5 (five) by the international macroseismic intensity scale MSK-64.

2.2.6. Landfall, subsidence. BTA indemnifies for losses as regards damage to moveable property or real estate if it is caused by motion of the Earth's crust in horizontal or vertical plane that is not related to seismic activities;

2.2.7. Corrosive gas. BTA indemnifies for the losses as regards damage to moveable property or real estate caused by sudden impact of the corrosive gas and chemical fumes on the insurance object.

2.2.8. Electricity risks

(1) BTA indemnifies for the losses as regards damage to moveable property or the facilities contained in the real estate that are functioning with electric current (e.g. heating boiler, boiler, switchboard, elevators), caused by:

- 1) the emergency or unannounced interruption of electricity supply;
- 2) the impact of electric current, including damages caused by overvoltage, overload or short circuit, irrespective of whether the damages caused by the electric current have resulted from flame or not;
- 3) secondary phenomena of lightning strike and deriving electrical and magnetic phenomena.

(2) Damages to the moveable property and electric facilities of the building shall not be considered the insured event resulting from electricity risks if they are caused by:

- 1) running and announced interruption of electricity supply;
- 2) depreciation or gradual lasting process of wearing of the moveable property or electric facilities contained on the real estate (e.g. corrosion, scale).

2.3. The insurance contract can provide for the following additional insurance coverage that is valid only in the event it is clearly stipulated in the concluded insurance contract:

2.3.1. Rental expenses of temporary home.

(1) If upon occurrence of an insurable event the insured real estate is lost or damaged to the extent that dwelling therein is not possible, BTA, without exceeding the insured sum – loss compensation limit – set forth in the insurance contract for this additional insurance coverage, will indemnify the Insured for the rental expenses of temporary home, i.e. reasonable expenses that can be proved by documents, which are required to move to temporary home and rental payment for the rent of temporary home;

(2) The insurance amount – loss compensation limit is 10 % (ten per cent) of the real estate insurance amount; however, no more than LVL 10 000 (ten thousand lats) or an equivalent amount in another currency in accordance with the exchange rate set by the Bank of Latvia on the insurance contract conclusion day, unless it is stipulated otherwise in the insurance contract;

(3) Rental expenses for temporary house are compensated starting from the occurrence of the insurable event until the insured real estate is completely restored or BTA pays out the entire insurance indemnity for the lost insurance object; however, no more than for 12 (twelve) months following the occurrence of the insurable event;

(4) In temporary home rental expense insurance, the under-insurance principle and deductible are not applied.

However, BTA indemnifies for losses, if the additional insurance coverage – rental expenses for temporary home is not specified in the insurance contract, up to LVL 300 (three hundred lats) a month but not exceeding the maximum reimbursement period of 9 (nine) months. Such losses are indemnified provided that the insurance object specified in the insurance contract is a building, a part of the building or an apartment.

2.3.2. Damaged caused by tenants and guests.

(1) Not exceeding the insured sum set for in the insurance contract for this additional insurance coverage – the indemnity limit, BTA pays out the insurance indemnity for the damage caused to the insurance object due to illegal activities of third parties.

For the purpose of this Article, third parties are considered tenants and guests of the Insured or the Policyholder who has damaged the insurance object intentionally or due to gross negligence. If the insurance object is damaged and there is no clear breaking-in evidence are, the insurance indemnity is paid out only when BTA receives clear evidences proving the fault of tenants or guests in causing the said damage. The said additional insurance coverage will be valid to the full extent as regards compensation of damage caused by clients or guests only if the insurance contract is concluded in favour of the owner of the insurance object.

(2) If an insurance contract is concluded in favour of the tenant, this additional insurance coverage is only valid for the damage caused by guests.

2.3.3. Moveable property outside the house.

(1) Pursuant to these Terms and Conditions and not exceeding the insurance amount – loss compensation limit set forth in the concluded insurance contract for this additional insurance protection, BTA pays out the insurance indemnity for damages or loss of the moveable property located outside the insurance object location caused upon occurrence of the insurable event.

(2) The insurance protection is valid within the entire territory of the Republic of Latvia that is considered location of the insurance object as regards this moveable property, unless it is stipulated otherwise in the insurance contract.

(3) The insurance protection is valid only when the moveable property is under supervision of the Policyholder, the Insured or related persons or in closed premises, or places.

However, BTA indemnifies for losses if the insurance contract does not specify the additional insurance coverage – Moveable Property outside the House up to LVL 300 (three hundred lats) during the validity period of the insurance contract. Such losses are indemnified provided that the insurance object specified in the insurance contract is moveable property.

(4) BTA does not indemnify losses:

- 1) directly or indirectly caused due to weather condition impact on the moveable property, that is not meant to be kept outside, left under the open sky;
- 2) as regards damage or loss of the moveable property if it was not under the supervision of the Policyholder, the Insured or related persons, or this property was not kept in closed premises or places;
- 3) as regards damage or loss of the moveable property if it was left unattended in a vehicle.

2.3.4. Key service.

(1) Without exceeding the insurance amount – loss compensation limit set forth in the concluded insurance contract for this additional insurance protection, BTA compensates expenses of the key services as regard lock picking, replacement or repair if the owner or legal user of the insured house cannot enter it due to the lost or damaged keys or damaged lock mechanism.

The insurance indemnity is paid out in accordance with the payment documents (e.g. receipts, strict accountability cover notes) specifying the information on the received key services and the price thereof.

(2) The under-insurance principle and deductible are not applied to the key service insurance.

2.4. Upon agreement of the Parties and clearly stipulating it in the insurance contract, the insurance object may be also insured against other risks not stipulated in these Terms and Conditions (e.g. avalanches, high tides).

3. Exceptions

3.1. The losses are not considered an insurable event and are not indemnified if they are directly or indirectly caused by:

3.1.1. continued gradual processes (e.g. natural depreciation, corrosion, deterioration, oxidation, scale, putrefaction, mould formation, fungus damage, natural impact of humidity or light, changes in colour, odour, dust, waste, soot, smut, changes in air temperature or humidity, desiccation, vaporization or evaporation, changes in the material structure or finishing);

3.1.2. insured real estate foundation settling, bulging or insured real estate cracking, if the said processes has not been caused by occurrence of an insurable event;

3.1.3. soil freezing;

3.1.4. continuous temperature fluctuations, continuous impact of atmosphere conditions or chemicals;

3.1.5. due to moving ice and/or snow mass (e.g. by moving from a water tank, sliding to the roof sides and falling from them);

3.1.6. impact of vermin, rodents or other animals;

3.1.7. violation of insurance object utilization requirements set forth in the insurance object utilization instructions or regulatory enactments of the Republic of Latvia using the insurance object for unauthorised purposes or in an authorised way.

However, BTA will reimburse for losses caused by breaching the safety requirements referred to in Section 5 of these Terms and Conditions, "Compliance with the Safety Requirements", in compliance with the conditions referred to in Clause 5.2.

3.1.8. repairs, reconstruction or construction works at the insurance object.

However, BTA will compensate losses caused by repairs that do not require a construction permit in accordance with regulatory enactments of the Republic of Latvia;

3.1.9. bad quality repairs, reconstruction or construction works, errors in calculations, planning or design, use of bad quality or unsuitable construction

materials;

3.1.10. interruptions in water, gas, electricity, fuel or other energy resource supply, if such interruptions have not been caused due to the occurrence of the insurable event;

3.1.11. damage or loss of computer files and software;

3.1.12. damages in electrical equipment (e.g. boiler, pump) at the insured real estate due to electricity supply interruptions (accident or electricity supply interruptions), electrical contact, including damages caused due to overvoltage, overload, short circuit or secondary effects of lighting and consequent electromagnetic fluctuations;

However, BTA indemnifies for losses if the additional risk – Electricity Risks is insured in accordance with the insurance contract.

3.1.13. malicious intent or fault, that in terms of reimbursement for losses and other civil liability consequences is considered as malicious intent, of the Insured, the Policyholder or legal user of the property.

However, BTA indemnifies for losses caused by malicious intent or fault that in terms of reimbursement for losses and other civil liability consequences is considered as malicious intent, of tenants or guests, if the insurance contract provides for the additional insurance protection – Damage Caused by Tenants or Guests.

3.1.14. changes in the groundwater level or overflow in waste water collection systems, or roof waste-pipes;

3.1.15. environment pollution, littering or poisoning;

3.1.16. impact of asbestos and its compounds.

3.2. BTA does not compensate:

3.2.1. losses for the damages or loss of the insurance object incurred prior to signing the insurance contract;

3.2.2. losses for damages of the insurance object that must be compensated by a manufacturer or supplier in accordance with regulatory enactments or a contract (e.g. manufacturer's warranty);

3.2.3. expenses for regular maintenance, repairs, cleaning, regular or extraordinary servicing of insurance object and equipment of its construction, including worn out parts replacement works;

3.2.4. losses related to damage or loss of moveable property caused without impact of external force or due to operation, maintenance, transportation or repair of the moveable property;

3.2.5. indirect losses, including rental expenses of temporary home and moving expenses, lost profit and income.

However, BTA indemnifies indirect losses referred to in Article 2.3.1 of these Terms and Conditions, if the concluded insurance contract provided for the additional insurance coverage – Rental Expenses of Temporary Home;

3.2.6. losses related to environmental damage;

3.2.7. losses, if economic activity not agreed upon with BTA is carried out at the insured real estate;

3.2.8. expenses of the Policyholder or the Insured related to expert examinations or any other inspection.

4. Insured Sum

4.1. The insured sum is determined by the Policyholder. When concluding the insurance contract, the Policyholder assumes full liability for determining the insurance amount and conformity thereof with the value of the insurance object. If, upon occurrence of an insurable event, it is established that the insurance amount differs from the value of the insurance object, when calculating the amount of the insurance indemnity, conditions regarding under-insurance or over-insurance are applied.

4.2. Upon agreement of the Parties and clearly stipulating it in the insurance contract, the insurance object may be insured in accordance with the first-loss compensation principle, pursuant to which BTA will compensate all losses incurred due to the occurrence of an insurable event without exceeding the insured sum – loss compensation limit set forth in the insurance contract. In such case the under-insurance principle is not applied.

4.3. If the insured moveable property is not older than 5 (five) years, the insured sum specified in the insurance contract may be determined in accordance with a new value principle, i.e. the set value of the insured moveable property is equivalent (in accordance with specifics and use) to the value of a new moveable property.

4.4. After paying out the insurance indemnity the insured sum and the insured sum – loss compensation limit remain constant, except for the events when the insured moveable property is lost.

4.5. Unless stipulated otherwise in the insurance contract, when insuring the moveable property as an aggregation of items:

4.5.1. the insured sum is the indemnity limit or each group of property referred to in Article 1.8 of these Terms and Conditions is set LVL 5 000 (five thousand lats) or a corresponding amount in another currency in accordance with the exchange rate of the Bank of Latvia on the day of the conclusion of the insurance contract;

4.5.2. each item of the moveable property, the value of which exceeds LVL 2 000 (two thousand lats) or a corresponding amount in another currency according to the exchange rate of the Bank of Latvia on the day of the conclusion of the insurance contract shall be specially indicated in the insurance contract and, if not, the insurance indemnity for damages, loss or ruin of such item shall be paid out in an amount not exceeding LVL 2 000 (two thousand lats) or a corresponding amount in another currency according to the exchange rate of the Bank of Latvia on the day of the decision to pay out the insurance indemnity is taken.

4.6. In the event any total value of the items included in the group of moveable items referred to in Article 1.8 exceeds LVL 5 000 (five thousand lats) or a corresponding amount in another currency according to the exchange rate of the Bank of Latvia on the insurance contract conclusion day and the Policyholder wants to insure the said items for their full value, the moveable property shall be insured as separate items.

5. Compliance with Safety Requirements

5.1. During the entire validity period of the insurance contract, the Policyholder, the Insured and legal user of the insured property is obliged to carefully manage and use the insured property in due manner, comply with the safety requirements set forth in regulatory enactments, safety enactments listed below and additional safety requirements set by BTA;

5.1.1. there are following requirements as regards ensuring fire safety:

- 1) chimneys and funnels shall be cleaned at least once a year;
- 2) use of open fire, burning of waste and mote is permitted only in places specially insulated and equipped for such purposes. After finishing the work, the fire shall be carefully extinguished;
- 3) only respectively qualified persons are entitled to work with open fire and perform fire-hazardous work. When performing fire-hazardous work and working with tools causing sparks when using them, it shall be ensured that sparks do not get into contact with inflammable materials and substances. When working with an open fire or performing fire-hazardous work, inflammable substances at the work place shall be covered with fire-proof materials;
- 4) wiring works and electric equipment repairs may be carried out only by respectively qualified persons;
- 5) when leaving the insurance object, temporary electric wires shall be insulated;
- 6) heating, electric and technical systems shall be used in accordance with the requirements of regulatory enactments of the Republic of Latvia and usage instructions of the said equipment;
- 7) it is forbidden to leave a burning fireplace, convector, candles or other fire-hazardous sources without supervision or under supervision of minors;
- 8) it is forbidden to smoke in a bed or premises with inflammable items or materials, or in places where inflammable liquids, gas, substances or explosives are stored;
- 9) it is forbidden to keep matches or other devices for lighting a fire at places that can be reached by children;
- 10) it is forbidden to use gas equipment with possible leakage. In the event of gas leakage, the gas valves shall be immediately closed and premises shall be ventilated. In such case it is forbidden to use open fire, smoke, switch on or off electric equipment;
- 11) it is forbidden to fire the grass near the insurance object;
- 12) it is forbidden to leave a burning stove, range, fireplace or furnace, except for central heating boilers, unattended;
- 13) it is forbidden to cover switched on electric radiators, as well as place items on them;
- 14) it is forbidden to use electric wires with damaged insulation, damaged sockets and switches, as well as non-standard fuses and fuses that do not meet the network voltage;
- 15) it is forbidden to dry firewood, clothing and other inflammable items on heating devices;
- 16) it is forbidden to use inappropriate fuel for heating equipment;
- 17) it is forbidden to use firewood that is longer than the stove;
- 18) it is forbidden to use open fire to defrost frozen pipes;
- 19) it is forbidden to cook meal using open fire, in the building balcony and other not suitable places;

5.1.2. there are the following requirements as regards plumbing and pipes:

- 1) the water shall be drained from water supply, heating and plumbing system in the real estate that is not heated during the heating season or where the air temperature is below 0°C;
- 2) as regards pipes inside or outside the insured real estate, in order to prevent burst of pipes due to freezing, their usage technical mode standards shall be complied with in accordance with climatic conditions.

5.1.3. there are following requirements as regards safety measures (locks, keys, alarm system):

- 1) when leaving the real estate, windows, doors, manholes and other openings shall be closed or locked so that the access to the real estate could not be gained without break-in, i.e. without damaging windows, doors, constructions, locks or fencing;
- 2) when there are no people in the real estate, the street doors shall be locked;
- 3) the street door keys (including alarm system codes) cannot be kept at the place and in the way they could become available to third parties;
- 4) if a key is lost or is illegally acquired by a third party, the lock shall be immediately changed;
- 5) if there is alarm system, when leaving the real estate, it shall be in working order and activated.

5.2. If the event of failure to comply with the above-mentioned safety requirements, which results in occurrence of the insurable event, the insurance indemnity calculated in accordance with the procedure set forth in the concluded insurance contract is reduced by 20 % (twenty per cent).

If the safety requirements specified in this Section are not complied with due to malicious intent or gross negligence, the insurance indemnity is not paid out.

6. Behaviour of the Policyholder, the Insured and Legal Users of the Property upon Occurrence of the Possible Insurable Event

6.1. Upon establishing the occurrence of a possible insurable event, the Policyholder, the Insured or legal user of the insured property is obliged, as well as it is the precondition for receiving the insurance indemnity, to fulfil the obligations set forth in the BTA General Insurance Terms and Conditions Section "Measures to be Taken upon Occurrence of the Insured Risk" and the following obligations:

- 6.1.1. take all the measures in order to prevent or reduce further damages, as well as comply with BTA instructions as regards reducing the damage caused by occurrence of the insured risk;
- 6.1.2. to immediately inform to the Fire and Rescue Service if the possible insurable event has occurred due to the fire, as well as inform other states authorities in the events set forth in the effective regulatory enactments of the Republic of Latvia (e.g., the State Police, the Gas Service);
- 6.1.3. to immediately inform building manager (if such exists) or responsible services in the event of liquid or steam leakage;
- 6.1.4. within the possibilities to preserve the site untouched and immediately inform

BTA of the time and place, when and where a BTA representative could arrive and inspect the damaged insurance object in order to assess the incurred damages, as well as to check on the possible insurable event and its circumstances;

6.1.5. to preserve useful remains of the damaged insurance object and, upon request of BTA, submit them to BTA for the examination period (if such examination will be required).

6.2. By immediately calling the BTA hotline +371 26121212 from the place of accident and providing the information on the accident the Policyholder, the Insured or legal users of the insured property will receive BTA instruction on how to fulfil the above-said preconditions correctly and in details in order to receive the insurance indemnity.

7. Insurance Indemnity

7.1. The amount of the insurance indemnity for real estate insurance is determined by defining the amount of losses to be compensated less the deductible specified in the insurance contract and taking into account the following:

7.1.1. the amount of actual losses to be compensated is determined, i.e. the amount required to restore the insurance object to the condition it was before the occurrence of the insurable event, including demolition, construction waste collection and storage expenses.

In accordance with these Terms and Conditions demolition and construction waste collection expenses are considered justified expenses for real estate demolition, construction waste collection and territory cleaning works related to the insurable event. Maximum insurance indemnity for such expenses amounts to 10 % (ten per cent) of the property insured sum; however no more than LVL 50 000 (fifty thousand lats) or an equivalent amount in another currency in accordance with the exchange rate set by the Bank of Latvia on the day the decision regarding payment of the insurance indemnity is taken.

In accordance with these Terms and Conditions storage expenses are considered justified expenses that have been incurred to prevent or reduce further damages or losses of the insurance object upon occurrence of the insurable event. BTA will compensate such expenses event if they will not ensure the expected result. Maximum insurance indemnity for such expenses amounts to 10 % (ten per cent) of the property insured sum; however no more than LVL 10 000 (ten thousand lats) or an equivalent amount in another currency in accordance with the exchange rate set by the Bank of Latvia on the day the decision regarding payment of the insurance indemnity is taken.

Loss assessment is carried out in accordance with the actual renovation work estimate, costs and prices no later than 6 (six) months after the occurrence of the insurable event. Overtime hours, working hours on holidays and other similar expenses are not taken into consideration.

7.1.2. if an under-insurance event, i.e. event when the insurance amount is at least 15 % (fifteen per cent) lower than the value of the insurance object, is established, the amount of the losses to be compensated is multiplied by the proportion between the insurance amount and this value;

7.1.3. if an over-insurance event, i.e. the event when the insurance amount exceeds the value of the insurance object, is established, the insurance indemnity is paid out in the amount it would be paid out if the insurance amount were equal to the value of the insurance object;

7.1.4. the amount of actual losses to be compensated for the insured real estate older than 40 (forty) years is set in the amount of insurance object renovation expenses calculated in accordance with the procedure set forth in sub-clause 7.1.1 of these Terms and Conditions less the depreciation amount;

7.1.5. if it is not possible to determine the value of the insurance object, actually compensated losses are calculated by determining the proportion of the lost elements of the insured real estate and multiplying it by the insured sum. This procedure is not applied in the event of over-insurance.

7.2. If the insured real estate is joint ownership of several persons and is not divided into actual shares, i.e. each of the persons owns certain share of property rights, the losses as regards damages or losses of the property of joint ownership are reimbursed in proportion to the joint ownership share owned by the Insured.

7.3. When paying out the insurance indemnity the value of the moveable property is determined in accordance with the following procedure – the value of the immovable property is determined in accordance with the restoration cost that is equal to the lowest acquisition costs of the same type and similar quality moveable property (including transportation, design and installation/assembly costs) or the lowest costs required to restore the insured moveable property in the quality and to the extent it was just before the occurrence of an insurable event, unless it is stipulated otherwise in the insurance contract.

7.4. The amount of the insurance indemnity for moveable property insurance is determined in accordance with the following procedure:

7.4.1. in the event of damages to moveable property if it is possible to restore it:

- 1) the actual amount of losses is determined, i.e. the amount required to restore the insurance object to the condition it was just before the insurable event;
- 2) the insurance indemnity is equal to the actual loss amount less deductible;
- 3) if moveable property is insured as separate items and it is established that the insurance amount is lower than the value of the insured property, the under-insurance principle is applied, i.e. the actual loss amount is multiplied by the proportion between the insurance amount and the value of the insurance object, less the deductible;

7.4.2. in the event the moveable property is lost – the insured moveable property is considered lost, if the damage elimination costs exceed the difference between the values of the insured moveable property before and after the insurable event.

If BTA acknowledges the insured moveable property as lost, in compliance with the terms and conditions of the concluded insurance contract regarding the deductible, BTA is entitled:

- 1) to replace the lost insurance object with an equivalent by taking over the remains of the insurance object – in such case before replacing the property the Insured shall submit to BTA the remains of the lost insurance object and pay the deductible specified in the concluded insurance contract;

2) to pay out the insurance indemnity amounting to the value of the insurance object and collect the remains of the insurance object;

3) to pay out the insurance indemnity as a difference between the value of the insurance object before and after the insurable event and to not collect the remains of the insurance object;

7.5. The amount of actual losses to be compensated for the insured moveable property that is no older than 5 (five) years and when it is specified in the insurance contract that the insurance amount is determined in accordance with the new value principle, is equal to the amount of insurance object restoration costs calculated in accordance with the procedure set forth in Articles 7.3, 7.4.1 or 7.4.2 of these Terms and Conditions without reducing it by the amount of depreciation.

7.6. The amount of actual losses determined by BTA for the damage or loss of the insurance object or a part thereof that was built from the materials, which at the moment of calculating the loss are not available on the market or use of which pursuant to the effective regulatory enactments is forbidden (e.g. slate with admixture of asbestos) is equal to the minimum amount required to restore the damages or lost insurance object or a part thereof using materials equivalent to the damages or lost material in terms of construction characteristics and shape.

7.7. If BTA takes a decision to reimburse the Insured for the losses caused due to the insurable event by covering the moveable property repair costs and the Insured refuses to receive repair services at the service centre offered by BTA or to replace the lost or damaged moveable property with the equivalent, BTA is entitled to pay out the insurance indemnity in the amount of moveable property repair or replacement costs it would have cost to BTA.

7.8. The insurance indemnity is reduced by the amount paid to the Insured for the damages due to the insurable event by the third party responsible for these damages in accordance with the procedure set forth in regulatory enactments of the Republic of Latvia. The Insured is obliged to notify BTA if such amounts are received. If damages caused in such event are completely indemnified, the Insured is not entitled to claim for the insurance indemnity for a respective insurable event. If such amount is paid after receiving the insurance indemnity, the received insurance indemnity shall be paid back by the Insured to BTA.

7.9. BTA pays out the insurance indemnity without exceeding the insured sum and the insured sum – loss compensation limit set forth in the insurance contract.

If all items included in any of the property groups are lost or ruined, the insurance indemnity cannot exceed the insured sum – the indemnity limit set for a respective property group.

7.10. At its own discretion BTA pays out the insurance indemnity:

7.10.1. by paying the calculated loss amount in cash;

7.10.2. by paying for the repair of the damaged insurance object.

7.11. When calculating the insurance indemnity, the value added tax (VAT) is not included in the amount of losses. If BTA makes a decision to indemnify the Insured for the losses incurred due to the insurable event by covering the moveable property repair expenses, the said repair expenses are covered with the valued added tax (VAT) included.

7.12. The deductible is not deducted if, when paying out the indemnity, BTA is entitled to collect the loss in full from the insurance company registered in the Republic of Latvia in accordance with the compulsory civil liability insurance of owners of motor vehicle. In the event when paying out the indemnity BTA is entitled to collect the loss in full from an insurance company registered abroad, the deductible is deducted until the losses are compensated in full, then the deductible is refunded to the Insured.

II. CIVIL LIABILITY INSURANCE

8. Insurance Object

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

8.2. For the purposes of these Terms and Conditions:

8.2.1. Insured is an individual specified in the insurance contract, in favour of whom the insurance contract is concluded and whose civil liability is insured;

8.2.2. Co-insured is an individual who legally resides or dwells upon the consent of the owner in the insured real estate. Obligations imposed to the real estate owners by the insurance contract are applied to Co-insured. For the purposes of these Insurance Terms and Conditions any activity of the Co-insured is considered activity of the real estate owner.

8.2.3. The third party is any individual or legal entity who incurs losses due to activity or failure to act by the Insured or the Co-insured and for and reimbursement for such losses are subject to civil liability of the Insured or the Co-insured. Third party shall not be considered the Policyholder, the Insured, Co-insured, relatives thereof to the third generation, the spouse and in-laws to the second generation, as well as companies related to the Policyholder, the Insured and their relatives to the third generation, the spouse or in-laws to the second generation in terms of the Law on Corporate Income Tax.

9. Extent of the Insurance Coverage

9.1. If the parties have agreed upon the civil liability insurance and it is clearly stated in the concluded insurance contract, the following direct losses are indemnified in compliance with the compensation principles within the liability limits set forth in the insurance contract that have been caused by illegal activities of the Insured during the insurance validity period to third parties at the location of the insurance object:

9.1.1. damage to life or health of a third party:

1) losses related to medical treatment of the injured third party;

2) losses related to temporary or permanent incapacity for work of the injured third party;

3) losses related to death of the injured third party.

9.1.2. damages or loss of the third party property.

9.2. Court and matter settlement expenses agreed upon with BTA that have incurred

in regard to consideration and adjustment of the action brought by third parties against the Insured are indemnified not exceeding the liability limits. Expenses of the Insured for the appeal against the decision taken by BTA are not indemnified.

10. General Exceptions

10.1. BTA does not indemnify for the following losses:

10.1.1. indirect losses, including decrease in anticipated profit and unearned income;

10.1.2. losses incurred due to damages to the property owned or managed by the Insured;

10.1.3. losses that the Insured has undertaken to indemnify in accordance with the contract and that would have not otherwise occurred;

10.1.4. losses caused by construction, repair, renovation or reconstruction works subject to a respective permit;

10.1.5. losses caused due to exploitation of the motor land, water or air vehicle;

10.1.6. losses caused by durable circumstances, such as vibration, heat, stench, radiation, light, smoke, soot, vapour, humidity, gas, mould, toxic mould, mould fungus, stone bacilli;

10.1.7. losses caused by air, soil or water pollution;

10.1.8. losses caused due to the presence of use of asbestos;

10.1.9. losses caused by the Insured as the owner, holder or supervisor of pets or animals held for commercial purposes;

10.1.10. penalties, fines, delay interest, interest, as well as other legal or legitimate sanctions;

10.1.11. losses resulting in from a casual relationship of the Insured being under the influence of alcohol, narcotic or toxic substances;

10.1.12. losses caused by the denigration of honour and dignity;

10.1.13. losses related to moral damage;

10.1.14. losses to be indemnified from the State social insurance budget according to regulatory enactments of the Republic of Latvia by granting pensions and benefits or from the State or municipal budget by receiving benefits;

10.1.15. losses caused due to professional activity of failure to act by the Insured.

11. Insurance Indemnity and Payment Procedure Thereof

11.1. Upon the occurrence of an insurable event, BTA pays out the insurance indemnity in the amount that corresponds to the amount of direct losses caused to the third party, including legal and litigation expenses, not exceeding the liability limits set forth in the insurance contract and deducting the deductible specified in the insurance contract.

11.2. The insurance indemnity is paid out in accordance with the following procedure:

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

11.2.2. in the event when, upon written agreement with BTA, the Insured reimburses the third party for the caused losses from his or her own funds, BTA pays out the insurance indemnity to the Insured, when the Insured submits the documents confirming the fact of indemnification of the losses of the third party;

11.2.3. BTA, at own discretion, indemnifies the Insured for legal and litigation expenses or provides the Insured with legal aid and indemnifies the litigation expenses.

11.3. The following conditions are applied to claim adjustment:

11.3.1. in the event when the Insured or another person on his or her behalf without written agreement with BTA gives a promise to a third party regarding claim settlement, such promise is not binding on BTA;

11.3.2. if contrary to BTA recommendations the Insured refuses to settle claims of a third party for the amount recommended by BTA, BTA is entitled to pay out the insurance indemnity only in the amount recommended by BTA for the claim settlement.

11.4. Upon agreement of the parties, BTA is entitled 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. BTA is free to choose the way and strategy of settlement of claim but the Insured is obliged to provide BTA with all required information or assistance to settle this procedure, including granting BTA the required authorisation.

11.5. If loss prevention or minimization measures are not taken due illegal activities of the Insured or the Policyholder therefore the amount of losses increases, BTA is entitled to respectively reduce the insurance indemnity when calculating it.

11.6. If other persons reimburse third parties for the caused loss, BTA only pays out the difference between the amount of insurance indemnity to be paid out in accordance with the insurance contract and the amount reimbursed by other persons. The Insured is obliged to inform BTA of such reimbursement, also in the event when such reimbursement is received after BTA has already paid out the insurance indemnity or after the expiry of the insurance contract, then the Insured shall pay back to BTA the part of the insurance indemnity amounting to the amount reimbursed by other parties.

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

III. OTHER TERMS AND CONDITIONS

12. All disputes arising between the parties of the insurance contract shall be settled by means of negotiations. If mutual agreement can not 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 settled in court of the Republic of Latvia in accordance with the effective regulatory enactments of the Republic of Latvia.

13. All issues not stipulated in these Terms and Conditions shall be settled in accordance with BTA General Insurance Terms and Conditions and effective

regulatory enactments of the Republic of Latvia.

14. General Insurance Terms and Conditions approved by BTA Board Decision No. 10 of 18 March 2008 and these Terms and Conditions are published on the BTA website <http://www.bta.lv>.

15. These Terms and Conditions come into force from the moment the BTA Board approves them.