

Approved 05.04.2011 by Decision No. 36 of the Board of „BTA“ SE, with changes approved 07.06.2011. by Decision No. 50 (relating to name change) of the Board of „BTA Insurance Company“ SE. Registered by certified notary Janina Nollendorfa with reg. No 2254 dated 01.07.2011.

**Translation. Text on Latvian has priority to this translation.**

### 1. Terms used in the conditions

- 1.1. BTA – “BTA Insurance Company” SE, the Insurer, pursuant to the Insurance Agreement Law.
- 1.2. Customer - a legal entity or natural person who enters into the insurance agreement on behalf of itself or another person, the Insurant, pursuant to the Insurance Agreement Law.
- 1.3. Insured - a legal entity or natural person indicated in the insurance agreement with the insured interest, in whose favour the insurance agreement is concluded, i.e. to whom the indemnity is disbursed in the case of occurrence of the insured event specified in these conditions.
- 1.4. Insurance policy – a document of certain format, containing the provisions of the insurance agreement and confirming conclusion of the insurance agreement.
- 1.5. Insured event - an event causally related to the insured risk upon the occurrence of which the indemnity will be disbursed according to the concluded insurance agreement.
- 1.6. Premium - the payment for insurance as indicated in the insurance agreement.
- 1.7. Sum insured - the amount that covers the vehicle. The sum insured is determined by the Customer. The sum insured remains unchanged after disbursement of the indemnity.
- 1.8. Indemnity - amount to be disbursed or services to be provided for the insured event according to the concluded insurance agreement.
- 1.9. Insurance period - a period of time for which the insurance agreement is concluded.
- 1.10. Destruction – a condition of a vehicle where the cost of repairs necessary for elimination of damage caused to the vehicle as a result of the insured event exceeds 70% of its actual value as at the occurrence of the insured event.
- 1.11. Actual value - the market value of the vehicle, i.e. the amount for which a vehicle of the respective make, model, year of manufacture and setting can be purchased in the Republic of Latvia.
- 1.12. Lease - transfer of the vehicle for use against payment.
- 1.13. Deductibles - a part of loss expressed as a percentage of the amount of loss or as a lump sum not reimbursed by BTA pursuant to the insurance agreement.
- 1.14. Extra equipment - devices installed in the motor vehicle (audio equipment, light metal wheel disks, additional headlights, spoilers, individually ordered number plates, etc.) installed otherwise than by the manufacturer.
- 1.15. Lawful vehicle user - the owner or person to whom the motor vehicle has been transferred with the owner's consent, in the case of leasing – also the person to whom the motor vehicle is transferred with the leaseholder's consent.

### 2. Insured object

- 2.1. The insured object is the motor vehicle indicated in the insurance agreement and its extra equipment, provided such extra equipment is indicated in the insurance agreement, considering that:
  - a) the extra equipment installed on the motor vehicle during the insurance period is insured only in the case the vehicle with the installed extra equipment has been presented to the representative of BTA and the additional agreement regarding insurance has been concluded;
  - b) extra equipment is insured only where it is installed in the vehicle;
  - c) the individually ordered number plate is insured only where it is explicitly indicated in the insurance agreement and on the condition the plate is fastened to the vehicle with bolts or rivets in addition to the generally exploited manner of fastening vehicle number plates.

### 3. Insured principal risks

- 3.1. The insured object shall be insured against those risks specified hereunder that are marked as insured in the insurance agreement.
- 3.2. Risk of damage:
  - 3.2.1. Risk of road transport accident (hereinafter referred to as the RTA) - a collision with another vehicle, obstacle, pedestrian, animal or other object while participating in road transport or elsewhere where it is possible to drive the vehicle, as well as where the vehicle turns over, falls (from a bridge, etc.), sinks or breaks into ice;
  - 3.2.2. Risk of fire - impact of fire, smoke, soot and extinguishing operations on the insured object. However, upon occurrence of this risk BTA shall not reimburse loss for the equipment in the vehicle that caused the combustion;
  - 3.2.3. Risk of the Act of God - direct impact of storm, flood, lightning and hail and different falling objects on the insured object;
  - 3.2.4. Risk of broken glass - damage to the insured object's windows, lamps, mirror glass and substitutes thereof resulting from other vehicles having picked up objects from the road while in road transport;
  - 3.2.5. Risk of damage caused by animals – damage to the insured object caused by animals or birds.
- 3.3. BTA shall not indemnify the risk of damage if:
  - 3.3.1. the driver of the vehicle has left the RTA place violating the procedure specified by the applicable laws and regulations;
  - 3.3.2. the driver of the vehicle has used alcoholic beverages, narcotic or other

intoxicating substances after the RTA and before the test whereby alcohol concentration in blood is determined or impact of narcotic or other intoxicating substances is established or before release from such test according to the procedure specified by the applicable laws and regulations;

3.3.3. the driver of the vehicle has evaded the medical test for determining the alcohol concentration or impact of narcotic or other intoxicating substances, where such test has been offered in relation to the RTA by a competent state authority or health care authority;

3.3.4. damage has arisen directly or indirectly from malevolent intent of the Customer, the Insured, his/her family member, persons working for the same under a contract, the lawful user or driver of the vehicle, or from the degree of guilt that equals malevolent intent as to the damage or civil liability consequences. For the purposes of these conditions such cases shall always include, but are not limited to the following:

- a) the RTA results from the vehicle driver exceeding the maximum permitted speed for the respective section of the road by more than 30 km/h;
- b) the RTA results from the vehicle driver having violated the rules of passing the railway crossing.

3.3.5. in the case of the RTA the vehicle was not permitted to participate in road transport (e.g. the vehicle's state technical examination certificate has expired, tyres do not comply with seasonal requirements, etc.). The damage will be compensated though if the only reason of prohibition to participate in road transport was that the third party liability had not been insured with respect to the vehicle;

3.3.6. when examining the vehicle after the RTA it is established that the tyres of the vehicle do not comply with the requirements that apply at the moment of the RTA subject to applicable laws and regulations regarding state technical vehicle examination and technical control on the road;

3.3.7. the RTA occurred while the driver was driving the vehicle or training another person to drive:

- a) if alcohol, narcotic, psychotropic or other intoxicating substances or substances resulting from the process of dissolution thereof (metabolites), medicines that reduce the speed of reaction and attention were established in the air breathed out by the vehicle driver or in his/her blood test;
- b) if the driver is so ill or exhausted that this may affect the driver's ability and road transport safety;

3.3.8. damage is caused by cargo carried in the insured vehicle or its trailer and not being fastened according to the requirements of laws and regulations;

3.3.9. damage occurs while the vehicle is participating in races, training drives, test or durability drives;

3.3.10. upon occurrence of the RTA it is established that during the last 48 hours before the RTA the requirements specified under AETR (European Agreement concerning the Work of Crews of Vehicles engaged in International Road Transport), European Parliament and Council regulations or national laws of the relevant country with respect to observing the driver's work and rest periods;

3.3.11. upon occurrence of a RTA the vehicle has been driven by a person who is not entitled to drive the vehicle of the particular category or this person is subjected to the prohibition to exercise the vehicle driving right;

3.3.12. at the moment of causing damage the vehicle is under unlawful possession but it has not been insured against the risk of theft;

3.3.13. damage has been caused by electric devices used in the vehicle whose gross vehicle weight exceeds 5 tons, unless the devices have been installed by the vehicle manufacturer;

3.3.14. damage has occurred from water having penetrated the vehicle's mechanisms (engine, gearbox, etc.) due to the vehicle having driven through puddles, flooded locations, etc.;

3.3.15. damage has occurred in relation to the vehicle being washed, serviced or repaired or consequences thereof;

3.3.16. damage has occurred due to impact of weather conditions (corrosion, cracks from freezing, etc.) or natural wear (incl. minor lacquer and paint damages, scratches);

3.3.17. damage has occurred to the vehicle's suspension system (shock absorbers, springs, bearings, etc.), except where upon occurrence of the insured event mechanical deformation of other vehicle parts has occurred at the same time;

3.3.18. damage is directly or indirectly related to cargo handling works, including through the vehicle turning over or cargo being dropped on it; the indemnity for such damage will be however disbursed in the cases indicated in Article 4.4 provided extra risks indicated in Article 4.4 are insured;

3.3.19. the RTA has occurred in the place where driving is not permitted or that is not intended for transport (e.g. frozen water bodies, marshy areas, etc.).

3.4. Risk of theft:

3.4.1. Vehicle theft - secret or open stealing of the insured object or an attempt of stealing if the vehicle has been moved from its parking location;

3.4.2. Vehicle robbery - robbery or an attempt of robbery of the insured object related to violence or threat of violence;

3.4.3. Risk of illicit acts by third parties - illicit destruction, damage of the insured object, theft of parts or extra equipment thereof performed by third parties.

3.5. BTA shall not indemnify the risk of theft if:

3.5.1. the vehicle has been stolen by using the original vehicle ignition key or original vehicle anti-theft equipment remote controls. The above shall not apply in situations specified in Article 3.8 of these conditions and in the event of the risk of vehicle robbery;

3.5.2. immediately or as soon as possible after the theft of the vehicle all vehicle ignition key sets and anti-theft equipment remote controls as indicated in the insurance agreement, or all those provided by the manufacturer in cases where the same are not indicated in the insurance agreement, the vehicle registration

certificate or within the framework of criminal proceedings – a statement of seizure of ignition keys or anti-theft equipment remote controls of the insured vehicle issued by a law enforcement authority, are not submitted to BTA. The above shall not apply in situations specified under Article 3.8 of these conditions and where the risk of vehicle robbery applies;

3.5.3. the insured vehicle's ignition key(s) or anti-theft equipment remote control(s) have been lost or stolen or the anti-theft equipment installed in the vehicle has been damaged during the insurance period, but the Customer or the Insured has failed to notify BTA immediately or as soon as possible and has not taken any security measures, namely:

a) has not brought the vehicle to a secure location;

b) has not replaced or repaired the vehicle's ignition keys and anti-theft equipment remote controls and has not produced for BTA any documents confirming performance of the above actions or has failed to present the vehicle to BTA representative.

3.5.4. the vehicle has been left unlocked or the anti-theft equipment has not been switched on, or the anti-theft equipment was not in good working order, including if the provided subscription fee is not paid;

3.5.5. audio, video or navigation equipment with removable control panel, screen or another removable part has been stolen, but the same control panel, screen or removable part is not submitted to BTA;

3.5.6. the vehicle's trailer or semi-trailer has been stolen while not being connected to the towing vehicle or not being placed in a closed, security guarded territory;

3.5.7. the Customer, the Insured, an employee subordinated to him, a family member, the vehicle driver or the lawful vehicle user has committed illicit acts resulting in the occurrence of the insured risk;

3.5.8. the vehicle has passed out of the owner's possession through deception;

3.5.9. the lawful vehicle user fails to return the vehicle to its owner or the holder or lessee indicated in the vehicle registration certificate.

3.6. BTA will not reimburse the costs of replacement of the vehicle's ignition keys or the anti-theft equipment.

3.7. BTA will not reimburse additional costs related to restoration of aerography, chameleon paint and similar coatings.

3.8. BTA will apply deductibles equal to 50% when calculating indemnity for the theft of the vehicle, if:

3.8.1. the vehicle's ignition key, the anti-theft equipment remote controls or the vehicle's registration certificate has been stolen from a locked room by means of breaking into it and the signs of break-in are visible;

3.8.2. the vehicle was equipped with an additional immobiliser indicated in the insurance agreement and after the theft of the vehicle all control devices of the relevant immobiliser as supplied by the manufacturer are submitted to BTA, but the rest of anti-theft equipment remote controls specified in Article 3.5.2 and ignition keys are not submitted.

3.9. Upon occurrence of an insured event related to the risk of theft in the territory of CIS countries the deductibles shall equal 20%, except for the situations described under Article 3.8 and in situations where higher deductibles are specified under the concluded insurance agreement.

#### 4. Insured extra risks

4.1. It is possible to insure the extra risks specified hereunder provided the principal risks specified in Article 3.2 or 3.4 are insured. The vehicle is insured against those extra risks following hereunder that are marked as insured in the concluded insurance agreement.

4.2. Insurance of the replacement value – insurance of the sum insured for which the new vehicle has been purchased in the Republic of Latvia and which is indicated in the purchase documents thereof. In the event of theft, robbery or destruction of the vehicle BTA indemnity shall equal the value of a new, equivalent vehicle in the Republic of Latvia, not exceeding however the sum insured indicated in the insurance agreement and after subtracting the deductibles indicated in the insurance agreement. The insurance of the replacement value shall apply if:

a) the vehicle has had only one owner since its first registration, or in the case the vehicle has been bought under leasing (credit) conditions – only one lessee;

b) the vehicle's replacement value has been insured over the entire period of time as of the date of purchase of the vehicle;

c) the period of time following the date of the first registration of the vehicle does not exceed one year, even where the insurance agreement has not yet expired.

4.3. Insurance of suspended use - additional insurance under which BTA provides the Insured with a hired vehicle upon occurrence of the risks indicated in Articles 3.2 and 3.4.3 as a result of which the vehicle cannot be used for road transport according to the applicable laws and regulations of the Republic of Latvia or the damages are being repaired at the repairing company that BTA has an agreement with, and in the case of destruction of the vehicle on the following conditions:

4.3.1. if the vehicle cannot be used for road transport the Insured shall be provided with a hired vehicle as of the 4th business day after the date on which the written insurance claim of a certain form was submitted to BTA in respect of an alleged insured event. If a vehicle that can be used in road transport is delivered for repairing at the repairing company that BTA has an agreement with, the Insured shall be provided with a hired vehicle as of the 4th business day after commencement of repairing. If the Insured desires to use the hired vehicle immediately after submission of the insurance claim regarding the alleged insured event, BTA will ensure the indemnity in the amount of 50% of the amount payable for the vehicle hiring until the completion of repair works, but with consideration of the restrictions set forth under Article 4.3.2 hereof;

4.3.2. BTA agrees to provide the Insured with a hired compact class car where Variant A has been marked in the insurance agreement for this risk, or with a medium class car where Variant B has been marked in the insurance agreement for this risk. In any case, BTA undertakes to provide the Insured with a hired vehicle for a maximum of 15 (fifteen) calendar days for every one insured event and for a maximum of 3 (three) insured events over the entire period of insurance;

4.3.3. where BTA is unable to provide the Insured with a hired vehicle in accordance

with these conditions, BTA shall cover the Insured's expenses in relation to use of another hired vehicle, not exceeding however the maximum indemnity amount per one day indicated in the insurance agreement for this extra risk;

4.3.4. BTA ceases to cover the costs of use of a hired vehicle on the next day following the completion of repairing of the insured vehicle, provided it can be used in road transport according to the requirements of the laws and regulations of the Republic of Latvia, or in the event of exceeding the 15 (fifteen) calendar days of use of a hired vehicle.

4.4. Insurance of specialised works – additional insurance that covers damages to the vehicle directly or indirectly related to cargo handling works, including by turning over of the vehicle or cargo falling on it. The indemnity shall not be disbursed in the case of violation of laws and regulations applicable to cargo handling works or vehicle exploitation rules (e.g. driving with a lifted load bed, side supports are not used or trailer airbags are not emptied and it is contrary to the vehicle exploitation rules).

#### 5. General exceptions

5.1. BTA will not indemnify loss resulting from terrorist acts (acts manifesting as application of force and violence or threats to apply the same by any person or group of persons acting individually or in relation to any organisation or government, or on behalf of the same, which are committed due to political, religious, ideological or ethnic reasons and which include intent to influence the government or threaten the public or any part thereof). Loss caused through terrorist act prevention measures shall not be indemnified either.

5.2. If the vehicle is used as an operative vehicle, a vehicle for performance of operative duties by security companies (business companies), as a taxi, courier transport, carrier of hazardous freights, or the vehicle is used for driver training or is leased against payment for short leasing periods (the period of lease not exceeding 6 months) and this has not been indicated in the insurance agreement, BTA will not disburse the indemnity.

5.3. BTA will not disburse the indemnity if the insured vehicle is announced to be on search in any country as at the date of conclusion of the insurance agreement.

#### 6. Obligations of the customer, the insured and the lawful vehicle user upon occurrence of the insured risk

6.1. In the case of occurrence of the insured risk the precondition for the disbursement of the indemnity shall be performance of the following obligations by the Customer, the Insured or the Lawful Vehicle User:

6.1.1. upon occurrence of the RTA risk, immediately, as soon as possible, act in accordance with the applicable laws and regulations, and:

a) to inform the police or another law enforcement authority of the relevant country on the RTA or to complete the approved notice form where such is provided for by the laws and regulations of the country in which the RTA has occurred;

b) where the vehicle having caused the RTA is known or where there is sufficient information to determine the vehicle, BTA shall be informed in writing on the registration number of the vehicle having caused the RTA and the name and address of its insurer and the policy number, as well as where a request has been received from the relevant insurance company the damaged vehicle shall be presented to its expert immediately or as soon as possible;

6.1.2. upon occurrence of risks other than the RTA, to communicate the event immediately, as soon as possible, to the police and other law enforcement authorities where such option has been provided by the laws and regulations of the country in which the insured risk has occurred. It is permitted not to inform the police of the occurrence of the risk of broken glass;

6.1.3. upon occurrence of the vehicle theft or the vehicle robbery risk, to take all possible measures so that the criminal procedure regarding theft or robbery of the vehicle would be initiated in the country in which the insured risk has occurred and an international search for the vehicle would be immediately announced;

6.1.4. where the insured risk has occurred outside the territory of the Republic of Latvia, to submit to BTA a document issued in relation to the alleged insured event by the law enforcement authority of the relevant country, considering what is stated in Article 6.1.2.;

6.1.5. immediately, as soon as possible, to present to the BTA representative the damaged vehicle and the following documents:

a) a written claim of a particular form regarding the occurrence of the insured risk where information on the accident is provided in such completeness and detail as practicable;

b) a copy of the vehicle driver's driving licence, presenting the original;

c) the vehicle registration certificate in the event of theft or robbery thereof and a copy of the vehicle registration certificate, presenting the original, in other cases;

d) the explanation of the accident by the vehicle driver or the Lawful Vehicle User;

e) all documents requested by BTA in relation to the accident, which are necessary for elucidation of the conditions of the accident or for determining the scope of loss. Where the Customer, the Insured or the Lawful Vehicle User submits the written claim on the occurrence of the insured risk to BTA or presents the damaged vehicle after the period of 3 (three) business days following the date of occurrence of the insured risk, it shall be his duty to prove for BTA that earlier submission or presentation was not possible;

6.1.6. upon occurrence of the insured risk, not to repair the vehicle before receiving a relevant consent from BTA. Small repairs can be performed, however, in the event refusal of the immediate performance thereof would result in increasing the loss arising from the occurrence of the insured risk;

6.1.7. after repairing of the vehicle to submit to BTA the parts damaged and replaced as a result of the insured risk where BTA requests so;

6.1.8. where the vehicle damaged in the RTA is equipped with a tachograph, to submit to BTA the tachograph disc that was in the vehicle's tachograph at the moment of the accident or the tachograph printouts and tachograph discs requested by BTA for the period of up to 7 days prior to the occurrence of the RA;

6.1.9. upon the request by BTA to return any indemnity received without

substantiation where BTA establishes the existence of the basis for such request as indicated under the Insurance Agreement Law.

6.2. Upon occurrence of the risk of damage specified under Article 3.2 or the risk of illicit acts by third parties, provided nothing has been stolen from the vehicle, the Customer, the Insured or the Lawful Vehicle User is entitled not to communicate such accident to the police or another law enforcement authority, but in such case BTA will disburse within the entire insurance period the indemnity that will not exceed 20% (twenty percent) of the total sum insured indicated in the insurance agreement. Nevertheless, reporting to the police or another law enforcement authority of the relevant country or completion of the approved notice in the cases where it is permitted to complete the approved notice pursuant to the laws and regulations of the country where the accident has occurred shall be a mandatory precondition for receiving of the indemnity:

6.2.1. the Customer, the Insured or the Lawful Vehicle User had knowledge of the vehicle or person who caused the damage or he has at its disposal information sufficient for elucidation thereof;

6.2.2. parts of the vehicle or extra equipment has been stolen or robbed;

6.2.3. damage has been caused by direct impact of objects falling onto the insured object from buildings or structures under other's possession.

6.3. In any case, by calling BTA 24/7 information line 26121212 immediately from the place of the accident and providing information on the respective accident the Customer, the Insured or the Lawful Vehicle Owner will receive BTA instructions for correct and detailed compliance with the above preconditions in order to receive the indemnity.

## 7. Procedure of determining and disbursement of the indemnity

7.1. In the event of theft, robbery or destruction of the vehicle:

7.1.1. The indemnity shall be determined as follows:

a) first the actual value of the vehicle as at the date of the accident shall be determined (this shall not apply to the replacement value insurance cases);

b) then deductibles specified under the insurance agreement shall be subtracted from the determined vehicle value;

c) any unpaid premiums for the periods until expiry of the insurance shall be furthermore withheld from the calculated amount;

d) the amount calculated according to the above shall be reduced by the value of the remains of the vehicle in the event of destruction where the Insured has decided to keep the remains of the vehicles under his possession;

7.1.2. in the event of destruction of the vehicle the Insured shall choose:

a) to deliver the remains of the destroyed vehicle to BTA and to re-register the vehicle in the name of BTA or a third party indicated by the latter. The indemnity will be disbursed after the Insured performs all actions necessary for the insured vehicle to be transferred under ownership of BTA or a third party indicated by the latter. If the Insured fails to re-register and transfer the vehicle remains within a period specified by BTA, BTA may leave the vehicle remains with the Insured and to deduct the value of the remains from the indemnity;

b) to keep the remains of the destroyed vehicle at his own possession;

7.1.3. in the case of theft or robbery of the vehicle BTA will disburse the indemnity only after the Insured has performed all actions necessary for transfer of the vehicle under ownership of BTA or a third party indicated by the latter in the event of recovery of the insured vehicle. All expenses related to the completion of the relevant documents shall be covered by the Insured.

7.1.4. BTA will replace the stolen or destroyed vehicle with a vehicle of the same make, model, year or manufacture and setting, but upon agreement of the parties the indemnity may also be disbursed in the form of cash. In the case of replacement of the vehicle, the payment of the deductibles, unpaid parts of the premium and payment of the value of remains of the vehicle in the event of destruction of the vehicle or performance of the obligation specified in Article 7.1.2 Sub-article a) shall be a precondition for the disbursement of the indemnity.

7.1.5. Should the vehicle have any encumbrances or ownership restrictions (unpaid taxes or fees, SRS or customs ban, pledge, seizure, etc.) the Insured shall, in the cases indicated in Article 7.1.2 Sub-article a) and Article 7.1.3 pay all necessary payments for the vehicle to be re-registered in the name of BTA or a third party indicated by the latter, otherwise BTA will reduce the indemnity for the amount necessary to lift encumbrances or ownership restrictions.

7.1.6. Should the stolen or robbed vehicle be found by the moment the insurance indemnity is paid out, BTA is entitled to fulfil the obligation of paying out the insurance indemnity by transferring the found vehicle to the Customer in the condition it was in just before the occurrence of the insured event. If the found vehicle is damaged, BTA covers the expenses for repair the vehicle to the condition it was in just before the insured event and expenses for transportation of the vehicle to a repairing shop. If the found vehicle is not damaged, BTA covers the expenses for the delivery of the vehicle to the Customer's place of residence specified in the insurance agreement.

7.1.7. The insurance agreement shall become invalid after disbursement of the indemnity for theft, robbery or destruction.

7.2. In the event of destruction of the vehicle:

7.2.1. BTA shall provide with an option to repair the damaged vehicle at a repairing company of relevant quality approved by BTA to restore the vehicle to the condition that equals the condition the vehicle was immediately before the occurrence of the insured event. For vehicles not older than 3 years with effective manufacturer's warranty the Insurer will accept repairing at a repairing company of relevant level that complies with the manufacturer's warranty provisions. The Customer shall pay the deductibles indicated in the insurance agreement upon the first request by BTA. Where the Customer does not pay the deductibles BTA may take measures for that the Insured would receive the repaired vehicle only after payment of the deductibles.

The Customer may repair the vehicle at a repairing company preferred by him and in such case BTA will transfer the indemnity to the repairing company preferred by the Customer in the amount of repairing costs as calculated by such company, less the deductibles indicated in the insurance agreement; in this case however, the

indemnity shall not exceed the amount of the damaged vehicle's repairing estimate prepared by the repairing company preferred by BTA and calculated pursuant to the "Methodology of Technical Examinations for the Purposes of the Compulsory Third Party Liability Insurance for Inland Motor Vehicle Owners" approved by the Motor Insurers Bureau of Latvia pursuant to the procedure stipulated by the Cabinet of Ministers.

7.2.2. Should the Customer prefer to receive the indemnity in cash, BTA will disburse the indemnity in the amount equal to the repairs estimate approved with the repairing company, less VAT and less the deductibles indicated in the insurance agreement; or BTA will disburse the indemnity calculated pursuant to "Methodology of Technical Examinations for the Purposes of the Compulsory Third Party Liability Insurance for Inland Motor Vehicle Owners" approved by the Motor Insurers Bureau of Latvia pursuant to the procedure stipulated by the Cabinet of Ministers applicable at the date of the insured event, less VAT and less the deductibles indicated in the insurance agreement.

7.2.3. In the event of theft of the vehicle's parts or extra equipment BTA will reserve the right to repair the vehicle and install equivalent parts or equipment.

7.2.4. Where there is an agreement with the Customer on non-payment of VAT in the case of repairing of the vehicle, BTA will disburse to the Insured the indemnity equal to the repairs estimate approved with the repairing company, without paying VAT.

7.2.5. Where the deductibles in the insurance agreement are expressed both as percentage of loss and as a lump sum, the biggest amount of the deductibles shall apply.

7.2.6. If during the validity of the insurance agreement the second insured event is claimed, on which the indemnity is calculated, the deductibles for the same and any further events shall be LVL 100.00 (one hundred lats). In the cases where the deductibles specified under the insurance agreement exceed the amounts indicated in this Article, the deductibles specified under the insurance agreement shall apply. The case stated in Article 7.5 of these conditions shall not be considered when determining the number of insured events having occurred during the validity of the insurance agreement.

7.2.7. BTA is entitled to withhold the unpaid part of the insurance premium until the expiry of the insurance period from the calculated indemnity amount.

7.3. The total indemnity for the events of theft, robbery or destruction of extra equipment shall not exceed 20% (twenty percent) of the vehicle's sum insured, including where the value of the extra equipment indicated in the insurance agreement exceeds the same. This shall not apply in the cases where the extra equipment is stolen or destroyed together with the vehicle.

7.4. If the sum insured indicated in the insurance agreement is bigger or smaller than the actual value of the vehicle, the indemnity shall be calculated pursuant to Sections 36 and 43 of the Insurance Agreement Law.

7.5. The deductibles shall not be withheld where BTA is entitled, when disbursing the indemnity, to recover the entire amount of loss from an insurance company registered in the Republic of Latvia pursuant to the third party liability insurance for inland motor vehicle owners. Where BTA is entitled, when disbursing the indemnity, to recover the entire amount of loss from an insurance company registered abroad, the deductibles shall be withheld until receipt of the entire compensation for loss and then returned to the Insured.

7.6. BTA will cover the costs of transporting the vehicle to the nearest repair shop where such transportation is necessary due to damages and it is economically reasonable, as well as the vehicle storage and vehicle placement of the road costs, however:

a) not exceeding LVL 150.00 (one hundred fifty lats) per insured event in the territory of the Republic of Latvia;

b) not exceeding LVL 300.00 (three hundred lats) per insured event outside the territory of the Republic of Latvia.

Transportation costs shall be also covered in the event of destruction of the vehicle. Where the Insured and the lessee or holder indicated in the vehicle registration certificate are VAT payers and receive the transportations costs in cash, VAT shall be excluded thereof.

Transportation costs shall not be covered where transportation is reimbursed by any other party under an agreement concluded earlier. Costs of use of a parking lot shall not be reimbursed.

7.7. Disbursement of the indemnity:

7.7.1. BTA shall pass a resolution on the disbursement or refusal of the indemnity within 14 (fourteen) days after receipt of all necessary documents in relation to the alleged insured event.

7.7.2. BTA shall communicate the resolution within 7 (seven) days after the date of passing the resolution.

7.7.3. BTA shall disburse the indemnity within 14 (fourteen) days after the date on which the resolution on the disbursement of the indemnity was passed.

7.7.4. In the event of theft or robbery of the vehicle BTA shall pass the resolution regarding disbursement of the indemnity within 1 month after receipt of all necessary documents related to the alleged insured event, which confirm the occurrence of the insured event and the scope of loss incurred.

7.7.5. Unless another agreement is reached, BTA shall decide on the disbursement of the indemnity and shall disburse the same within 1 (one) business day after the date of receipt of a written insurance claim, provided all of the following conditions are valid:

a) the scope of the indemnity does not exceed LVL 300.00 (three hundred lats);

b) the conditions specified in Articles 6.1 and 6.2 are complied with.

7.7.6. Where disbursement of the indemnity is delayed due to the fault of BTA, BTA shall pay default interest of 0.1% of indemnity not disbursed per each day of delay, while the total amount of default interest shall not exceed 10% of the indemnity not disbursed.

## 8. Validity of the agreement and the procedure of termination

8.1. This insurance agreement shall be valid in the territory of the Republic of Latvia, unless otherwise specified in the insurance agreement. Where the clause "European

Countries" is included in the insurance agreement it is understood that the insurance agreement shall be valid in the territories of the following countries: Latvia, Lithuania, Estonia, Austria, Albany, Andorra, Belgium, Bulgaria, Bosnia and Herzegovina, Czech Republic, Denmark, France, Greece, Croatia, Italy, Ireland, Iceland, United Kingdom, Liechtenstein, Luxembourg, Monaco, Macedonia, Norway, the Netherlands, Portugal, Poland, Rumania, Spain, Finland, Slovakia, Slovenia, Serbia and Monte Negro, San Marino, Switzerland, Hungary, Germany, Vatican and Sweden. Where the insurance agreement comprises the clause "CIS Countries" it is understood that the insurance agreement shall be valid in the territories of the following countries: European part of the Russian Federation in the west from the Ural Mountains, Belorussia, Ukraine and Moldova.

8.2. The insurance agreement is concluded for a period of one year unless another term is indicated in the insurance agreement.

8.3. The insurance agreement commences on the date indicated in the insurance agreement on the condition that the insurance premium or the first part thereof where the payment of the insurance premium under the insurance agreement is to be made in instalments has been paid before the due dates and in the amount indicated in the insurance agreement.

8.4. Where the insurance premium or the first part thereof is paid after the due date indicated in the insurance agreement, BTA may decide, within the term stipulated by the Insurance Agreement Law, on the refusal of the payment of the insurance premium and annulment of the insurance agreement, returning the paid premium to the Customer. Where the delay of the payment of the insurance premium or the first part thereof exceeds 30 (thirty) days BTA may apply the procedure specified in Article 8.11 hereof.

8.5. The Customer shall pay the regular insurance premium instalments before the due dates and in the amount indicated in the insurance agreement. If the payment of the insurance premium within the term provided in the insurance agreement is incomplete BTA may terminate the insurance agreement according to the procedure stipulated by the laws and regulations applicable in the Republic of Latvia.

8.6. Where the insurance premium is paid by means of a bank transfer, it is deemed paid on the date it is deposited in BTA bank account or in the bank account of an intermediary explicitly authorised to collect insurance premium payments from the Customer.

8.7. BTA may offer the Customer to continue the concluded insurance agreement by dispatching to the Customer the insurance policy and the invoice for the insurance premium.

Should BTA offer to continue the insurance agreement on the terms and conditions differing from the former insurance agreement, BTA shall dispatch the new insurance terms and conditions to the Customer.

The insurance agreement commences on the date indicated thereof, provided the Customer has paid the insurance premium indicated in the invoice before the due date indicated in the invoice.

The Customer's written application for insurance under the former insurance agreement shall be an integral part to the new insurance agreement. The Customer shall immediately inform BTA on any changes to the information provided in the abovementioned written application for insurance.

8.8. Should the vehicle owner or lessee (holder) indicated in the vehicle registration certificate change, the insurance agreement is deemed invalid as of the date of the particular change, except where the vehicle is transferred under ownership of the Customer or lessee (holder) indicated in the insurance agreement. Within the period from the date of change of the owner to the date of expiry of the insurance agreement as indicated in the insurance agreement the Customer may inform BTA on the change of the vehicle owner and request BTA to return the part of the insurance premium or to transfer the same for payment of the insurance agreement for another land motor vehicle according to Article 8.9.

8.9. Any party may terminate the insurance agreement by a prior written notice of 15 (fifteen) days to the other party. In such case BTA will return to the Customer the paid part of the insurance premium for each full calendar month of the validity of the insurance agreement remaining till expiry of the insurance agreement, by withholding:

a) first of all, the substantiated BTA costs related to the conclusion of the insurance agreement the amount of which shall not exceed 25% (twenty five percent) of the premium paid by the Customer. Such costs are not withheld if the part of the insurance premium is used to pay for another BTA inland motor vehicle insurance agreement;

b) the disbursed indemnity.

8.10. In the case:

a) the Customer has delayed the due date of payment of the insurance premium or the first part thereof under the insurance agreement, which demonstrates the Customer's unwillingness to have contractual relations with BTA;

b) the Customer has explicitly stated his will to annul the insurance agreement; BTA annuls the insurance agreement and may request the Customer to cover the administrative expenses of BTA related to the conclusion of the insurance agreement in the amount of 25% (twenty five percent) of the insurance premium calculated according to the respective insurance agreement.

8.11. Where during the validity of the insurance agreement the value of the Latvian lats to euro decreases by more than 10% (commercial rate) of the value valid at the conclusion of the insurance agreement, BTA may, after establishing the above changes, recalculate the unpaid insurance premium parts increasing the insurance premium by the percentage of the decrease in the value of the Latvian lats in relation to euro.

BTA will exercise this right exclusively in respect of such insurance agreements where the insurance premium is stated in the Latvian lats and the premium payment is in instalments.

## 9. Conclusion of insurance agreements through distance communication channels

9.1. The Customer and BTA may enter into the insurance agreement by means of distance communication instruments. Insurance agreements concluded in this

manner are those agreements that BTA and the Customer conclude on the basis of BTA's written offer and invoice or via internet, electronic mail, telephone or other information exchange instruments.

9.2. Where the insurance agreement has been concluded by means of distance communication instruments:

a) the insurance agreement commences on the day following the date of payment of the full amount of BTA insurance premium, unless the parties have explicitly agreed otherwise;

b) by paying the insurance premium the Customer confirms that he agrees to all terms and conditions of the insurance agreement that BTA has informed him on via a certain distance communication instrument;

c) non-existence of a written insurance policy shall not affect the validity of the insurance agreement;

d) the Customer may request and BTA shall issue to the Customer a written insurance policy according to the procedure stipulated by the Insurance Agreement Law;

e) subject to the Republic of Latvia Cabinet of Ministers Regulation No. 1037 dated 21 December 2004 "Regulation on the Distance Agreement for Provision of Financial Services", the Customer may exercise his right of refusal of the concluded insurance agreement within 14 (fourteen) days after the conclusion of the insurance agreement, i.e. after payment of the insurance premium, by dispatching a written notice of refusal to BTA. If the Customer has submitted to BTA the insurance claim regarding an alleged insured event within 14 (fourteen) days after conclusion of the insurance agreement, it means that the right of refusal has not been exercised and the insurance agreement is effective;

f) should the Customer exercise the right of refusal, BTA shall return to the Customer the part of the insurance premium determined by deducting from the paid insurance premium the portion of the premium for the already expired period of the validity of the insurance agreement and administrative expenses of BTA that do not exceed 25% (twenty five percent) of the payable amount, within 30 (thirty) days after the receipt of the refusal at the latest. Where indemnity has been paid under the insurance agreement or an insurance claim has been submitted during the validity of the insurance agreement BTA shall not return the part of the insurance premium calculated as specified above to the Customer.

## 10. Other conditions

10.1. All disputes arising from the insurance agreement shall be resolved at the court of the Republic of Latvia in accordance with the applicable laws and regulations of the Republic of Latvia.

10.2. The parties to the insurance agreement shall not assign any of their rights, including any existing, contingent rights or right of claim, under this agreement to third parties.

10.3. Unless upon conclusion of the insurance agreement the Customer has informed BTA in writing on any other procedure, in the cases where the indemnity disbursed by BTA covers only a part of the Insured's loss, BTA may exercise its right of recourse regardless of the Insured having exercised or not exercised his right of claim against the guilty person. BTA and the Customer or the Insured may agree in writing on cooperation in recovery of loss, including related to bringing action and sustaining it at the court jointly.

10.4. By concluding the insurance agreement the Customer confirms that he allows BTA as the system administrator, recipient of personal data and operator of personal data to process the Customer's and the Insured's data, including sensitive personal data and personal identification (classification) codes pursuant to the Natural Person Data Protection Law and other laws and regulations applicable in the Republic of Latvia, for the purpose of quoting insured risks. The Customer asserts further that he permits BTA to receive information on the Customer from the state personal data processing authorities and the Debtors' Register administered by the Bank of Latvia, where it is appropriate for BTA to have such information. The confirmation provided in this Article shall be also valid for the natural persons who conclude insurance agreements on behalf of a legal entity.

10.5. During the validity of the insurance agreement the Customer and the Insured shall present the insured vehicle to BTA designated representative within 3 (three) business days after the receipt of a respective request from BTA. In the event of failure of this obligation BTA may refuse to disburse the indemnity upon occurrence of the risks specified under the insurance agreement.

10.6. The vehicle's trailer that is insured under these terms and conditions shall be subjected to all the same terms and conditions that apply to the connected towing vehicle (the driver of the towing vehicle is also the driver of the trailer).

10.7. The contractual relations following from insurance agreements concluded pursuant to these terms and conditions shall be governed by the laws and regulations of the Republic of Latvia.

10.8. These terms and conditions shall take effect after being approved by the Board of BTA.