

PROFESSIONAL INDEMNITY INSURANCE

Terms and conditions No 20.1.



Approved by the Decision No. 5 of the Board of the joint stock insurance company "BTA" January 23, 2007 with amendments approved by the Decision No. 50 of the Board of the "BTA Insurance Company" SE (relating to the change of the name).

"BTA Insurance Company" SE, based on these terms and conditions, insure professional indemnity of physical persons.

These insurance terms and conditions have been prepared according to the laws of the Republic of Latvia "On Insurance Contract", "Law on Insurance Companies and their Superallon" and other legislative enactments of the Republic of Latvia.

1. Explanation of terms used in these terms and conditions

Insurer - "BTA Insurance Company" SE

Policy holder – a legal entity or a physical person who signs the insurance contract on his own behalf or on behalf of another person.

Insured person – the physical person (-s) indicated in the insurance contract on whose behalf the insurance contract has been signed and whose professional indemnity is insured. Insured persons are deemed also to be the Insured person's assistants - persons who take part in carrying of the insured person's professional activities.

Insurance contract – Insurer's and Policy holder's written agreement, according to which the Policy holder undertakes the liabilities to pay insurance premium in the manner, terms and scope fixed in the insurance contract, as well as perform other liabilities fixed in the insurance contract, and the Insurer undertakes the liabilities, upon the insured event, to indemnify losses to third persons according to the terms and conditions of insurance contract. Within the meaning of these insurance terms and conditions, the Insurance contract consists of the insurance proposal, insurance policy, if the Policy holder has requested to issue such, the insurance terms and conditions and their Appendixes.

Insurance policy - a document, which confirms closing of insurance contract and includes the the terms and conditions of the insurance contract, as well as all amendments and supplements to the contract, on which the Insurer and the Policy holder have agreed during the insurance period.

Insured person's professional activity – means providing of professional services, practicing occupation, which is mentioned in the insurance contract and during whose providing the Insured person's professional indemnity is insured according to the insurance contract, but it does not include the providing of such services, which are not traditionally provided when practicing such occupation.

Insurance territory – a territory indicated in the insurance contract, in which the Insured person performs professional activity, which is insured according to the insurance contract.

Limit of indemnity - the maximum amount of insurance indemnity disbursed.

Insurance indemnity - an amount of money, which the Insurer, according to the terms and conditions of the insurance contract pays for the insured event for settlement of a claim raised against the Insured person and indemnification of losses caused to a third person.

Insured event – an incident caused during the insurance period or retroactive period, as a result of which losses have been caused to a third person, which shall be indemnified according to the terms and conditions of insurance contract and about which the Insurer has been informed in the procedure provided in these terms and conditions.

Insurance period - a period of time, for which the insurance contract is signed. The insurance period is indicated in the insurance contract.

Incident – any negligence, error, omission caused in the insurance territory by the Insured person's performed insured professional activities, including a lasting, periodic or repeated cases of negligence, error, omission, which directly or indirectly arise from one source or basic cause.

Deductible – a part of losses in per cent or in monetary expression, which, upon the insured event according to the signed insurance contract shall not be indemnified by the Insurer. Deductible is fixed for claims per each one insured event or claims of one person.

Claim – a third person's written application to the Insured person or the Insurer on indemnification of losses, which have been caused during the insurance period or insurance contract's retroactive period as a result of occurring incident.

Proposal - notice on losses - Insured person's written application to the Insurer on the claim received in the insurance period or extended loss reporting period from third persons on indemnification of losses, which have occurred during the insurance period or insurance contract's retroactive period as a result of occurring incident.

Extended loss reporting period - a period of time indicated in the insurance contract after the end of the insurance period, during which third persons may submit a claim to the Insured person or the Insurer.

According to these terms and conditions, each insurance contract has an automatic extended loss reporting period fixed of 30 (thirty) days.

Upon the agreement between the Insurer and the Policy holder, against an additional insurance premium an extended loss reporting period may be fixed whose length is fixed by agreement between the parties, but without exceeding 3 (three) years after the end of insurance period.

If the activity of the insurance contract is terminated prior to the end of the insurance period, the run of the extended loss reporting period starts from the date of termination of the insurance contract.

Retroactive period - a period of time indicated in the insurance contract before the start of the insurance period, during which an incident might have occurred according to the insurance contract, as a result of which losses have been caused to third persons, which are indemnified according to the terms and conditions of insurance contract, if the Policy holder/Insured person at the time of signing the insurance contract were not aware about losses, which have occurred as a result of the Insured

person's professional activities.

Third person - any physical person or legal entity, to whom as a result of the Insured person's performed insured professional activities losses have been caused and who is due to receive insurance indemnity according to the terms and conditions of the insurance contract.

Within the meaning of these insurance terms and conditions, third persons shall not include:

- Policy holder, its employees and representatives, Insured person, its representatives, employees and assistants;
- Insured person's and Policy holder's relatives to the third degree, spouse, as well as their persons in law until the second degree;
- companies related to the Policy holder, Insured person and their relatives, which have been mentioned before within the meaning of the law „On Corporate Income Tax“;
- Insured person's employer and employer's employees.

Litigation expenses – court and case conducting expenses agreed with the Insurer, which have occurred in connection with investigation and settlement of claim raised by third persons against the Insured person.

Losses - direct losses caused to third persons as a result of the Insured person's performed professional activities in the insurance territory. Indemnified losses according to these terms and conditions shall not be indirect losses and loss of profit.

2. Insurance object

2.1. Insurance object is the Insured person's professional indemnity for losses caused to third persons when the Insured person performed the insured professional activity in the insurance territory.

3. Insurance cover

3.1. According to the terms and conditions of the insurance contract, the Insurer pays insurance indemnity to a third person in the amount of documentary proved losses and litigation expenses.

3.2. Insurance contract is in force on the territory of the Republic of Latvia. If specifically noted in the insurance contract, the Insurer and the Policy holder may agree to extend or narrow the territory of the insurance contract activity.

3.3. The Insurer and the Policy holder, when signing the insurance contract or during the insurance period, may agree on wider or narrower insurance cover by indicting it in the special conditions of insurance contract or making up a respective Appendix to the insurance contract, which after signing becomes an integral part of the insurance contract.

The Appendixes to these terms and conditions and the Appendixes to the insurance contract are subject to all these terms and conditions unless specified otherwise in the respective appendixes.

4. General exceptions

4.1. The Insurer does not indemnify losses:

4.1.1. which have directly or indirectly been caused by any atomic energy and nuclear energy, creation of nuclear fuel and nuclear waste, their use, activities with them, storage, any type of radiation, as well as which have occurred from any characteristics of radioactive substances and radioactive contamination; any nuclear reactor, nuclear power station or any company, construction or equipment, which is connected with creation or storage of nuclear energy or nuclear fuel, nuclear waste (radioactive waste), activities with them; any type of impact of electric magnetic field. (Nuclear Energy Risks Exclusion Clause (Reinsurance) (1994) MMA 1975a);

4.1.2. which directly or indirectly have been caused in connection with a terror act, war, invasion, activity of foreign enemy, civil war, riot, strike, commotion, disturbances, revolution, commotion of military or usurped power, marauders' activities, violence, vandalism, sabotage; as well as confiscation of property, nationalization, alienation, dismantling, or destroying if caused by a legally or actually acknowledged state irrespective whether it is lawful or not; other political risks. No losses or expenses are indemnified, which directly or indirectly have been caused in connection with any elimination measures taken for the above mentioned incidents;

4.1.3. which directly or indirectly have been caused or arise from actual, possible or threatening leakage of polluting substances, emission, separation or leakage, pollution (including gradual pollution), from harm caused to the surrounding environment; or any payments, which arise from pollution of surrounding environment or elimination of pollution of surrounding environment, its control, elimination, checking or aversion, as well as collection of contamination, cleaning, deactivation and environment cleaning works, including harm caused to the ecosystem;

4.1.4. which directly or indirectly have been caused with the Insured person's, Policy holder or the very affected person's malicious intent or degree of guilt, which regarding loss indemnity and other civil liability consequences is equal to malicious intent, or by performing a criminal activity. Losses, which have occurred in connection with the Insured person's, Policy holder or the very affected person's degree of guilt when loss indemnity and other civil liability consequences are equal to malicious intent, within the meaning of these terms and conditions will always include, but not limited to it, cases when losses to a third person have been caused by the Insured person intentionally violating legislative enactments, standards, terms and conditions, technical terms and conditions, instructions and other documents conditions, which regulate the insured professional activity;

4.1.5. which are caused by asbestosis, or other related diseases (including cancer), which have created from the existence of asbestos, asbestos products or asbestos

containing products, their presence, acquire, processing, production, sale, distribution, storage, use, from HIV or AIDS, or from other AIDS related disease or losses caused as a result of activity of polychlorine biphenil, diethylsterol, dioxin, siliceous dioxide, urine formaldehyde;

4.1.6. which the Insured person has committed when performing insured professional activity under the intoxication of alcohol, drugs or other toxic/psychotropic substances;

4.1.7. which directly or indirectly have been caused by any claim, which is substantiated or arise, or is referred to any blackmailing, slander or distribution, publication of other materials, which infringe somebody's dignity and respect, or publication of such materials, which are contrary to a person's rights to private life, as well as violation of confidentiality principles;

4.1.8. in connection with claims for pensions, allowances and compensations for medical care in case of disablement and other social allowances in the part, which according to the effective legislative enactments of the Republic of Latvia is indemnified by the Latvian state;

4.1.9. which directly or indirectly have been caused by any claim arising in connection with the Insured person's activity in the status of a state executive or in government institutions, their departments or agencies unless the Insured person is treated as an employee of such institution, department or agency only due to the professional services provided to it, and indemnity for such services is referred only to the Insured;

4.1.10. which directly or indirectly have been caused by any liabilities, which arise solely from the Insured person's status or activities as an executive, director, partner or other similarly elected or appointed leading position, or a shareholder in any type of company, joint venture or other organization (including any position in a trust, charity organization or company);

4.1.11. which directly or indirectly have been caused in connection with the fact that the Insured person, when performing professional activities, has not ensured signing of any type of insurance contract or maintenance of their validity;

4.1.12. whose payment duty arises from a contract or other type of agreement, i.e., contractual penalties or any type of fines, or other similar sanctions. Insurance neither indemnifies any type of unpaid taxes and duties according to the legislative enactments of the Republic of Latvia.

However, insurance indemnifies contractual penalties and other type of sanctions fixed in the legislative enactments of the Republic of Latvia, which have substantially been applied by state or municipal establishments;

4.1.13. which directly or indirectly have been caused by damage or loss of property being at the Insured person's care, custody or control, or damage, loss or destroying of a written, printed or otherwise reproduced document (any type of it) or information entered into computer or otherwise electronically stored, being transferred at the Insured person's care, custody or control;

4.1.14. which have occurred in connection with the Insured person's provided consultations or recommendations in respect to selection of computers or their software or losses, which have occurred when the Insured person acted with software;

4.1.15. which have occurred in connection with the use of patents, copyright, company's logotype, company's brand or registered design or violation of the use of the terms and conditions of any other brands, as well as from dishonest competition;

4.1.16. which have been caused by the Insured person as an owner, holder, possessor or driver of all types of mechanical transport vehicles (also trailers) of road vehicles, water-born or air-born vessels, which shall be registered in the procedure fixed in legislative enactments effective in the Republic of Latvia, with above mentioned all types of mechanical transport vehicles (also trailers), including losses, which in any manner are connected with loading or unloading works;

4.1.17. which have occurred in connection with damage to the property: owned by the Insured person or its employer, which the Insured person or his employer has rented, leased, borrowed, accepted for sale, which is under their custody (possession), superallon, control or storage; which the Insured person transports; or articles (products), which are handled, processed or otherwise involved in the Insured person's professional activities; or articles, which are worked with (used for repairs, conveyances, inspection, for loading or unloading, etc.) by the Insured person.

4.1.18. which directly or indirectly have been caused by any claim in connection with any contractual liabilities for the length of employment/service, deadlines of performance, rates, costs, scope;

4.1.19. when erroneously making a financial transfer in the amount of transferred money;

4.1.20. caused by the Insured person when performing insured professional activities without the necessary licenses, permits, certificates, etc., whose necessity is fixed in the legislative enactments of the Republic of Latvia or which do not comply with the requirements fixed in legislative enactments of the Republic of Latvia, or also if the activities are not approved by authorities according to the effective legislative enactments of the Republic of Latvia;

4.1.21. caused by performance of such professional activities, which are not indicated in the insurance contract, which require other skills and abilities than for performance of activities, for which the Insured person has received a license or certificate or a qualification diploma or which go beyond the scope of the insured person's professional activities according to the legislative enactments of the Republic of Latvia, codes of ethics;

4.1.22. caused by the same Insured person's committed error for which in the insurance period an insurance indemnity has already been paid to the third person;

4.1.23. in the amount of money, which the third person has paid as indemnity for elimination of errors committed as a result of the Insured person's performed works/provided services, nor the Insurer indemnifies the indemnity paid to the Insured person for providing of services/performance of works;

4.1.24. which have occurred from non-investing or non-performance of investments, or changes in market value of investments, as well as from any Insured person's recommendations, forecasts in respect of investments;

4.1.25. in connection with claims, which are based on, occurring from or related with third person's insolvency, as well as with pensions or distribution of profit.

4.1.26. The Insurer does not indemnify intangible losses, which have occurred from infringing intangible rights or intangible benefits of third persons, i.e., the Insurer does not pay insurance indemnity for moral harm.

5. Limit of indemnity

5.1. Limit of indemnity is the maximum amount of insurance indemnity for compensation of losses and litigation expenses.

5.2. When signing the insurance contract, the Policy holder and the Insurer agree on the limit of indemnity for claims per one insured event (per any one occurrence) and limit of indemnity for claims per the insurance period in total (aggregate). The limits of indemnity are fixed in the insurance contract.

5.3. Upon agreement between the Policy holder and the Insurer, the insurance contract may provide separate sublimits.

5.4. Disbursement of insurance indemnity for losses, which have occurred as a result of one insured event shall in no circumstances exceed the limit of indemnity per any one occurrence.

All losses, which have occurred from one and the same cause or circumstances, in result of constant or repeated impact are deemed to be one insured event, which has occurred in that insurance period when the first claim was submitted.

5.5. Disbursement of insurance indemnity for all insured event in the insurance period may not exceed the aggregate limit of indemnity.

5.6. After disbursement of insurance indemnity, the aggregate limit of indemnity is decreased by the amount of paid insurance indemnity. The Policy holder may renew the aggregate limit of indemnity according to these terms and conditions.

5.7. During the insurance period, the Policy holder at the agreement with the Insurer may increase/decrease the amount of limit of indemnity.

5.8. When changing or renewing the amounts of limit of indemnity, an additional agreement to the insurance contract shall be prepared, and if the limit of indemnity is increased or renewed – the Policy holder shall pay the calculated insurance premium to the Insurer.

6. Procedure of signing the insurance contract and payment of insurance premium

6.1. The insurance contract is signed based on a written, fully completed insurance application of a certain form, which the Policy holder submits to the Insurer and which is an integral part of the insurance contract. The Insurer is entitled to request additional documents or information, which is necessary for risk assessment and signing of insurance contract.

6.2. When signing the insurance contract, the Insurer issues an insurance policy to the Policy holder, which confirms signing of insurance contract. If the insurance contract is signed using a remote control communication means, the Insurer shall issue the insurance policy if the Policy holder requests it.

6.3. The insurance contract is signed for 1 (one) year unless the Insurer and the Policy holder have agreed on another term.

6.4. The insurance contract comes into force at 00.00 of the first day of insurance period indicated in the insurance contract provided that the insurance premium or its first installment has been made in the manner, term and amount indicated in the insurance contract.

If the payment of insurance premium or its first installment has been made after the term indicated in the insurance contract, the Insurer is entitled to:

a) in the procedure stipulated in legislative enactments of the Republic of Latvia, repay the insurance premium or its first installment back to the Policy holder. In this case, the insurance contract does not come into force;

b) accept the Policy holder's late insurance premium or its first installment. In this case, the insurance contract is in force from the date of effectiveness stipulated in the insurance contract.

In case if the payment of insurance premium or its first installment is made after the term indicated in the insurance contract and the insured person's risk has occurred before payment of insurance premium or its first installment, the Insurer in the procedure stipulated in legislative enactments of the Republic of Latvia, repay the insurance premium or its first installment back to the Policy holder. In this case, the insurance contract does not come into force.

The Policy holder is obliged to pay insurance premium in the term and amount stipulated in the insurance contract. If in the term stipulated in the insurance contract the payment of insurance premiums was not complete, the Insurer is entitled to suspend and terminate the activity of insurance contract in the procedure provided in legislative enactments of the Republic of Latvia. Insurance premium, by making its payment by bank transfer is deemed to be paid from the moment when it is transferred to the Insurer's bank account or intermediary bank account, which issued the respective insurance contract and invoice to the Policy holder.

7. Duties of the policy holder, insured person

7.1. The Policy holder and the Insured person are obliged:

7.1.1. during the insurance period immediately, as soon as possible, in writing inform the Insurer about all changes in the information, which is mentioned in the documents submitted to the Insurer, or on planned changes in the Insured person's professional activities or their process, as well as about other circumstances, which may increase the possibility of occurrence of the insured person's risk or the possible loss amount upon the insured event;

7.1.2. inform the Insurer about other effective insurance contracts known to him, which refer to the same insurance object;

7.1.3. during the insurance period, permit the Insurer to carry out inspections in connection with the Insured person's performed insured professional activities;

7.1.4. to maintain precise reports about the performed professional activities in compliance with the accounting and other document recording and safekeeping procedure, as stipulated in effective legislative enactments of the Republic of Latvia;

7.1.5. upon change of legal address, actual address or declared place of residence, inform the Insurer thereon within 10 (ten) days.

8. Duties and rights of the policy holder/insured person and the insurer upon the possible insured event

8.1. The Policy holder/Insured person upon the possible insured event are obliged to:

8.1.1. immediately, as soon as possible, inform the Insurer in writing about any claim directed towards them or a claim submitted to the court for losses caused to third persons, as well as about incidents, which might be a potential cause for bringing a claim against the Insured person for losses whose indemnification is provided by this insurance contract;

8.1.2. by written agreement with the Insurer, perform all possible reasonable measures in order to avoid or decrease the caused or possible losses, which might be a cause to a claim by a third person. In case if due to reasons beyond the Insured person's will it is not possible to inform the Insurer about the necessary to perform immediate measures to avoid or decrease possible or caused losses, the Insured person should carry out immediate measures to avoid or decrease possible or caused losses without agreement with the Insurer;

8.1.3. immediately, as soon as possible, submit all the available information and documentation to the Insurer, which permits to judge about the reasons, character and amount of losses, as well as all claim indemnification related documents received from third persons (claim, writs and invitations to take part in court proceedings, etc.);

8.1.4. in the scope as far as possible ensure the Insurer's attendance in fixing the reason and scope of losses;

8.1.5. inform the third person in writing about the necessity to turn to the Insurer for assessment of losses caused, as well as inform the Insurer in writing that the third person is informed about it.

8.2. In settlement of claim, the following provisions are applied:

a) in case if the Insured person or any other person in its name without a written agreement with the Insurer has made a promise the third person in connection with the settlement of claim, they are not binding on the Insurer;

b) in case if the Insured person, contrary to the Insurer's recommendation, refuses from the settlement of the third person's claim for the Insurer's recommended amount of money, the Insurer is entitled to pay insurance indemnity only in the amount of money, in which he recommended to settle the claim;

c) the Insured person or any other person in its name without a written agreement with the Insurer is prohibited to agree on settlement of the claim with the third person in Arbitration Court and compliance with this prohibition is a precondition of disbursement of insurance indemnity.

8.3. Upon the agreement between the Parties, the Insurer may take over and in the Insured person's name review and settle any claim, or conclude a settlement in any stage of its review or instance, as well as bring a claim and represent the Insured person's interests in the court. The Insurer has a freedom of action when choosing the type of claim settlement and strategy, but the Insured person's duty is to provide all the necessary information or assistance to the Insurer in settlement of these processes, including issuance of all necessary powers to the Insurer.

9. Insurance indemnity

9.1. The Insurer pays insurance indemnity in such a scope, which corresponds to the amount of losses caused to a third person, including litigation expenses, without exceeding the limits of indemnity fixed in the insurance contract and by withholding the deductible indicated in the insurance contract. In order to be entitled to disbursement of insurance indemnity, the Insurer should submit the following documents (copies or originals if based on Article 8.3 of these terms and conditions the Insurer is authorized to settle the claim):

9.1.1. Insured person's completed proposal – a notice on losses, in which as far as fully and in detail the information about the possible insured event is given, by indicating also other insurance companies, in which professional indemnity insurance contracts are signed;

9.1.2. court ruling about indemnification of losses to a third person in case if a claim on indemnification of losses has been submitted by third persons to the court and they are reviewed at the court;

9.1.3. third person's claim for losses caused;

9.1.4. documents, which confirm third person's rights to receive insurance indemnity;

9.1.5. documents confirming the amount of losses caused;

9.1.6. confirmations of competent public authorities about the possible insured event;

9.1.7. other documents, which confirm the insured event and the amount of losses caused.

9.2. According to the Insurer's limits of indemnity, such losses are indemnified, according to the compensation principle, which have been caused as a result of the Insured person's professional activities in the insurance territory to a third person in connection with bodily injury or harm to life:

9.2.1. losses in connection with the medical treatment of the affected third person, i.e., expenses, which are connected with delivery of the affected third person, placement and keeping in a medical establishment, its diagnostics, treatment and rehabilitation in medical treatment and medical rehabilitation establishment, attendance of the affected person, purchase of medicaments, medical nourishment, treatment in home conditions (including road expenses when attending a medical or medical rehabilitation establishment), as well as prosthetics, endo-prosthetics and the purchase or lease of technical auxiliary devices. According to these terms and conditions, no expenses are indemnified for treatment of the affected third person in increased service conditions. Increase service conditions within the meaning of these terms and conditions are the circumstances - the services offered by the medical establishment, which make the treatment process easier, but are not obligatory necessary for successful process of treatment;

9.2.2. losses in connection with temporary disablement of the affected third person, i.e., income not received by the affected third person for the time of disablement confirmed by medical staff, it is an amount of money, which is made up of the average salary of the affected third person, which is calculated in the procedure established in legislative enactments of the Republic of Latvia for the time of disablement confirmed by medical persons, less allowances and compensations assigned to the affected person after harm to health in the procedure provided in legislative enactments of the Republic of Latvia;

9.2.3. losses in connection with the affected third person's disablement, i.e., the difference between the affected third person's income, which is fixed by deducting work income received (if any) from non-received income according to Article 9.2.2 of these terms and conditions, and the pensions granted from the state social insurance budget or benefits received from the state and municipal budget.

The Insurer and the third person, when signing a separate agreement in writing, may agree on the procedure, in which the insurance indemnity will be disbursed.

9.2.4. losses in connection with the death of the affected third person, i.e., losses caused to the dependents of the affected third person in connection with the death of the affected person is the part of income not received by the deceased person, which was due to each dependent when the affected person was alive, less the amount of pension assigned to the dependant.

The dependants are:

a) The affected third person's children, also adopted ones until they reach the age of majority or while they study in secondary schools or higher educational establishments as full time students, but no longer than until the age of 24 or independently of the age if they have become disabled before reaching the age of majority;

b) The affected third person's brothers, sisters and grandchildren if they are younger than 18 and they have no other able custodians or while they study in secondary schools or higher educational establishments as full time students, but no longer than until the age of 24, if they have no able parents, or independently of the age if they have become disabled before reaching the age of majority;

c) A disabled widow (widower) of the affected third persons, disabled parents or grandparents – until renewal of their working ability, as well as an able widow (widower) if there are children in the family until the age of 8 or a disabled child.

d) other family members being in the custody of the third person who are treated as such according to the law "On State Pensions".

The Insurer and the dependent who is entitled to receive insurance indemnity, or the dependent's representative, when signing a separate agreement formed in writing, agree on the procedure and amount of insurance indemnity disbursement. The mentioned agreement includes the following provisions: if the dependent /its representative loses rights to receive insurance indemnity, the Insurer should be immediately informed about it. If the dependent/his representative fails to meet the mentioned duty, the dependent/his representative are obliged to indemnify all losses caused to the Insurer in this respect.

9.2.5. funeral expenses – actually spent reasonable expenses are indemnified, which are proved with documents. The right to receive loss indemnification in connection with the funeral of the affected third persons is held by the physical person who has undertaken funeral process and has presented the original death certificate, as well as submitted documents, which confirm the fact of funeral.

9.3. According to the Insurer's limits of indemnity, such losses are indemnified, which as a result of the Insured person's professional activities in the insurance territory have been caused to third persons in connection with damage or total loss of the third persons' property:

9.3.1. in case of total loss of property – the amount, which is the difference between the actual value of property directly before and after the insured event. The property is considered to be lost if its repairs are not technically possible or they are economically ungrounded. The repairs are considered to be economically ungrounded if the expected repair costs exceed the difference between the actual value of property directly before and after the insured event. In case of total loss of the property the Insurer, having agreed with the third person, pays the insurance indemnity in the following amount:

- if the third person – the owner of the property agrees to acknowledgement of property as lost, the Insurer pays the insurance indemnity in the amount, which corresponds to the actual value of property directly before the insured event and the third person transfers the remains of the property to the Insurer;

- if the third person – the owner of the property does not agree to acknowledgement of property as lost, the Insurer pays insurance indemnity in the amount, which complies with the difference between the actual value of property directly before and after the insured event.

9.3.2. in case of damage to the property – they are expenses, which are necessary in order to renew the property in such a status, as it was directly before the insured event.

9.4. According to the Insurer's limits of indemnity, other direct losses are indemnified, which have been caused to a third person, but which do not arise from damage caused to the third person's life or health or damage to the third person's property.

9.5. If impossible to reach an agreement with the third person on the amount of loss, the Insurer is entitled to request involvement of an independent expert (expert company's). Expertise expenses are deemed to be a loss and are indemnified within the limit of indemnity stated in the insurance contract.

9.6. The amount of insurance indemnity for claims per one insured event is calculated as follows: deductible fixed in the insurance contract is deducted from the loss amount caused (including litigation expenses), as well as the Insurer is entitled to deduct also the unpaid part of insurance premium if the insurance contract provides payment of insurance premium in parts.

9.7. If as a result of insured event, losses have been caused to several persons and the amount of loss exceeds the limit of indemnity fixed in the insurance contract, which is fixed for claims per any one occurrence, the Insurer shall pay the insurance indemnity:

a) proportionally the amount of losses caused for all claims, which have been reported to the Insurer until the first day of paying insurance indemnity, until the moment when the amount of paid insurance indemnities has reached the limit of indemnity fixed in the insurance contract for claims per any one occurrence;

b) in the procedure of submission of claims if the claims have been submitted in sequence, until the moment when the amount of paid insurance indemnities has reached the limit of indemnity fixed in the insurance contract for claims per any one occurrence.

9.8. If partial liability of several persons has been noted in causing of losses, insurance indemnity to the affected third persons is paid proportionally to the liability level of the Insured person.

9.9. In case if the losses to third persons have been indemnified by other persons, the

Insurer shall pay only the difference between the amount of indemnity payable according to the insurance contract and the amount, which has been indemnified by other persons.

10. Procedure of disbursement of insurance indemnity

10.1. According to these terms and conditions, the following disbursement procedure of insurance indemnity is fixed:

10.1.1. insurance indemnity is paid to a third person who is entitled to receipt of insurance indemnity;

10.1.2. in case if after a written agreement with the Insurer, the Insured person from his own funds has indemnified losses caused to the affected third person, the Insurer shall pay insurance indemnity to the Insured person after he has submitted documents, which confirm indemnification of loss caused to a third person.

10.2. Insurance indemnity is paid upon the respective documents in justified amount, without exceeding the limits of indemnity, provided that the incident causing losses to third persons has occurred during the insurance period or the retroactive period, and:

10.2.1. a third person's claim for the first time has been submitted to the Insured person (if the claim is submitted to the Policy holder, it is considered that the claim is submitted to the Insured person) in the insurance period or within 30 (thirty) days after the insurance period, or extended loss reporting period, if such is indicated in the insurance contract, and if the Insured person has submitted a proposal to the Insurer – a notice on losses in the term provided in legislative enactments of the Republic of Latvia;

10.2.2. if the third person during the insurance period or within 30 (thirty) days after the insurance period, or during the extended loss reporting period, if such is indicated in the insurance contract, has submitted a claim to the Insurer.

10.3. In case if the third person has submitted a claim during the extended loss reporting period, it will be considered that the claim is submitted on the last day of insurance period.

10.4. The Insurer pays insurance indemnity to a third person according to the terms and conditions of the insurance contract, during whose period (insurance period) the third person has first submitted a claim to the Insured or the Insurer, considering given the terms and conditions mentioned in Articles 10.2 and 10.3.

10.5. The Insured person is obliged after receipt of the Insurer's decision on payment of insurance indemnity, according to Insurer's issued invoice pay the deductible indicated in the insurance contract to the Insurer.

If the Insured person in the term and amount fixed in the invoice does not pay the deductible to the Insurer, the Insured person undertakes independently to settle its liabilities towards the third person in the amount of the Insured person's deductible, as well as indemnify losses to the Insurer, which have occurred in the above mentioned respect.

10.6. The Insurer within 30 (thirty) days after receipt of a claim or proposal – notice on losses and all the necessary document, which confirm the fact, amount of loss and the third person's rights to receive insurance indemnity, makes a decision on disbursement of insurance indemnity, its reduction or rejection, on which within 10 (ten) business days he shall inform the third person and the Insured person/Policy holder in writing. The Insurer pays insurance indemnity to a third person:

- a) within 10 (ten) business days starting from the day when the due term for payment of invoice for deductible has arrived;
- b) if the claim on indemnification of losses is considered at the court, within 10 (ten) business days starting from the effective day of court ruling;
- c) in another procedure, on which the Insurer and the third person have agreed in writing.

11. Other terms and conditions

11.1. Policy holder is entitled to terminate the insurance contract at any time and if no claim on indemnification of losses or claims from third persons have been submitted according to the respective insurance contract, or no disbursement of insurance indemnity has been made, to receive the part of paid insurance premium for each insurance contract activity remaining full days, until the end of insurance contract term. In this case, the Insurer deducts from the amount payable the Insurer's expenses related to closure of insurance contract within the amount of 10 (ten) per cent. If the mentioned provision is not performed, the Policy holder is not repaid the part of paid insurance premium.

11.2. The Insurer is entitled to terminate the insurance contract in cases provided in legislative enactments of the Republic of Latvia. Upon the termination of insurance contract, the Insurer in cases provided in legislative enactments of the Republic of Latvia shall repaid the paid insurance premium to the Policy holder proportionally the period unused.

11.3. The parties of the Insurance contract are not entitled to cede any rights of claim to third persons arising from the insurance contract, including the existing or possible rights of claim.

11.4. Any disputes that may arise between the parties to an insurance contract shall be resolved by way of negotiation. If it is impossible to reach a mutual agreement within 2 (two) months, any dispute, disagreement or claim arising out of an insurance contract, relating to it or breach, termination or invalidity thereof will be finally settled by the International Commercial Arbitration Court (Registration Number: 40003764669) in accordance with its Rules in Riga by means of written proceedings in the Latvian language, composed of 1 (one) arbiter to be appointed by the Council of the Arbitration Court, in accordance with applicable Latvian acts and regulations. In cases where the application of the arbitration clause referred to herein is in conflict with the provisions of Latvian acts and regulations, the relevant dispute, disagreement or claim will be settled at a Latvian court by enforcing applicable Latvian acts and regulations. The Customer may provide at the time of making of an insurance contract for the enclosure in the Special Provisions of the Insurance Contract of a clause providing that any disputes are to be settled at courts of the Latvian Republic. Another procedure for the settlement of disputes may be also provided for in the insurance contract subject to an agreement between the Parties.

11.5. The parties of insurance contract are deemed to be not only the Insurer and the Policy holder, but also the Insured person in whose representation and on whose

behalf the Policy holder has signed the insurance contract, as a result of which the Insured person is also bound by all the terms and conditions mentioned in the respective insurance contract, including the Arbitration clause, and the Insured person cannot be admitted to be a third person within the meaning of Clause 487 of the Latvian Civil Process Law.

11.6. The Insurer and the Policy holder/Insured person undertake not to disclose confidential information received in connection with the insurance contract – neither about the opposite party of agreement, nor about third persons and not to use it contrary to the interests of the other party.

11.7. The Policy holder/Insured person or their respectively authorized representatives permit the Insurer as a system manager, personal data recipient and personal data operator to process the personal data of the Policy holder, the Insured person or their respectively authorized representatives, including sensitive personal data and personal identification (classification) codes, according to the Physical Persons Data Protection Law and other legislative enactments of the Republic of Latvia for administration of insurance contract.

In addition, he confirms that he permits the Insurer to receive from the state personal data processing companies and the register maintained by the Bank of Latvia Debtors Register information about himself if such information is necessary to the Insurer and that they are informed that the Insurer in cases provided in legislative enactments of the Republic of Latvia will provide information about them to the Debtors Register.

11.8. The relationship arising from the insurance contract among the Insurer, the Policy holder, the Insured person and third persons is subject to the legislation of the Republic of Latvia.