

Approved by BTA Insurance Company SE Board Decision No. LV1_0002/02-03-03-2014-9 of 14 January 2014

BTA and Customers enter into motor vehicle insurance contracts in accordance with these Terms and Conditions.

CONTENTS	Page
Terms Used	1
Insurance Object	2
Insurance Coverage	2
Exceptions.....	3
Sum Insured.....	5
Obligations upon Establishment of a Potential Insured Event	5
Insurance Indemnity.....	6
Validity of the Contract and Its Termination Procedure.....	8
Conclusion of the Insurance Contract by Means of Distance Communication.....	9
Other Terms and Conditions	10

1. TERMS USED

BTA Customer	BTA Insurance Company SE, the Insurer in terms of the Insurance Contract Law. a legal entity or an individual who enters into an insurance contract in favour of itself or another person, a Policyholder pursuant to the Insurance Contract Law.
Insured	an individual or legal entity indicated in the insurance contract who has an insurable interest and in favour of whom the insurance contract is concluded, i.e. to whom the insurance indemnity is to be paid upon the occurrence of the insured event referred to in these Terms and Conditions.
Insurance Policy	a document of a certain form that includes the terms and conditions of an insurance contract and certifies the conclusion of an insurance contract.
Insured Event	an event related through causal relationship to insurance risk, upon the occurrence of which payment of the insurance indemnity is provided for in accordance with the signed insurance contract.
Insurance Premium	payment for the insurance specified in the insurance contract.
Insurance Indemnity	the amount to be paid for the insured event or the services to be rendered in accordance with the concluded insurance contract.
Insurance Period	a period of time for which the insurance contract is concluded.
Loss	the condition of a vehicle when the costs for vehicle repair to eliminate the damages caused as a result of an insured event exceed 70% of its actual value at the moment the insured event has occurred.
Actual Value	the market value of a vehicle, i.e. the amount of money for which a vehicle of a respective brand, model, year of production and configuration can be acquired in the Republic of Latvia.
Lease	transfer of a vehicle for use for remuneration.
Deductible	the share of the losses specified in the insurance contract that is not refunded by BTA in accordance with the insurance contract. The deductible may be determined as a fixed amount or percentage of the losses caused upon the occurrence of the insured event.
Legal User of the Vehicle	an owner or a person to whom the vehicle is conveyed with the owner's consent, in the event of leasing, also a person to whom the vehicle is conveyed with the lessee's consent.

2. INSURANCE OBJECT

2.1. Insurance object – a vehicle and the additional equipment thereof specified in the insurance contract provided that this extra equipment is specified in the insurance contract.

2.2. The **extra equipment** is considered equipment, systems and accessories installed in the vehicle that were installed in the vehicle upon the occurrence of the insured event and the installation thereof has not been made by the manufacturer (for instance, audio or video equipment; peripheral equipment of the communication systems; additional lights; flashing lights; light metal rims; individual number plates; advertising stickers provided that the amount thereof does not exceed 30% of the vehicle body).

2.3. The extra equipment includes **child safety seats, roof racks, roof boxes, holders, platforms**. The total sum insured for the extra equipment referred to in this Article cannot exceed EUR 750 during the validity period of the insurance contract.

2.4. The extra equipment installed in the vehicle during the insurance period is only insured if a vehicle with the extra equipment installed is presented to a BTA representative and an additional agreement regarding the insurance thereof is signed.

2.5. Individual number plates are only insured when there is a particular stipulation in the insurance contract and when, in addition to the common way of fastening vehicle number plates, it is fastened to the vehicle with a screw or rivet.

3. INSURANCE COVERAGE

3.1. Basic risks

The insurance object is only insured against the basic risks specified in the insurance contract:

3.1.1. Risk of road traffic accident (hereinafter – RTA) – collision with another vehicle, barrier, pedestrian, animal or another object that took place in road traffic or another place, where the driving of a vehicle is possible, as well as overturning of a moving vehicle, falling (from a bridge, etc.), sinking or breaking through the ice;

3.1.2. Risk of fire – impact of fire, smoke, soot and extinguishing works on the insurance object. Upon the occurrence of this risk, BTA does not compensate the losses for damages to the vehicle equipment that has caused the fire;

3.1.3. Risk of natural disaster – direct impact of a storm, water, flood, lightning and hail, as well as different falling objects, the falling of which is caused by the aforementioned natural disasters, on the insurance object;

3.1.4. Risk of breaking glass – mechanical damage of the vehicle windows when it is the only damage to the vehicle due in the event of an accident;

3.1.5. Risk of damages caused by animals – damage to the insurance object, including the vehicle interior or the engine department, caused by animals or birds;

3.1.6. Risk of falling objects – damage to the insurance object caused by falling objects;

3.1.7. Risk of participation in competitions – damage to the vehicle caused while participating in competitions, training races, test drives provided that the regulations of the aforementioned events prescribe the partial or complete participation in the road traffic in compliance with the road traffic rules. This basic risk does not apply to vehicles participating in speed races and endurance racing;

3.1.8. Risk of theft – secret or open robbery or attempted robbery of a vehicle if the insurance object is moved from the parking place thereof;

3.1.9. Risk of robbery – a robbery or attempted robbery of the insured object using violence or the threat of violence;

3.1.10. Risk of third party unlawful activity – unlawful destruction, damage, theft of parts or extra equipment of the insurance object carried out by third parties.

3.2. Optional Risks

The optional risks indicated below can be insured if the basic risks referred to in Article 3.1 are insured. The vehicle is insured for the optional risks specified below that are specified in the insurance contract except for the optional risk referred to in Article 3.2.1 against which the vehicles that meet the criteria referred to in Article 3.2.1 are automatically insured.

3.2.1. Insurance of replacement value – insurance for the sum insured, for which a new vehicle was acquired in the Republic of Latvia and that is indicated in the purchase documents thereof. In the event of vehicle theft, robbery or loss BTA compensates the losses in the amount of the value of a new, equivalent vehicle that can be acquired in the Republic of Latvia, not exceeding the sum insured indicated in the insurance contract and deducting the deductible specified in the insurance contract. The replacement value insurance is valid, if:

- a) the vehicle has only had one owner since the first registration thereof, or, in the event of leasing (loan) – only one lessee;
- b) the vehicle was insured at the replacement value during the entire period from the moment of acquisition thereof;
- c) the time period since the date of the first registration of the vehicle does not exceed 2 (two) years and the kilometrage thereof does not exceed 60 000 km, as well as when the insurance contract has not expired yet.

3.2.2. Use interruption insurance – optional insurance within the scope of which BTA provides a lease vehicle to the Insured upon the occurrence of the basic risks referred to in Articles 3.1.1–3.1.7 or 3.1.10 of these Terms and Conditions, as a result of which the vehicle, pursuant to the effective regulatory enactments of the Republic of Latvia, cannot be used in the road traffic or for the elimination of the damages the repairs are made thereto at a service centre BTA has agreed with, as well as in the event of vehicle loss in compliance with the following conditions:

- a) If the vehicle is not used in the road traffic, the Insured is provided with a lease vehicle starting from the 1st working day from the day BTA receives the claim of a certain form regarding a potential insured event. If the vehicle that is used in the road traffic is delivered for repairs to the car service centre with which BTA has agreed, the Insured is provided with a lease vehicle for one working day after the inception of the repairs;
- b) BTA undertakes to provide the Insured with a leased compact-class vehicle, if variant A is indicated for this risk in the insurance contract, or a medium-class vehicle, if variant B is indicated for this risk in the insurance contract. For one insured event BTA undertakes to provide the Insured with a leased vehicle for no more than for 15 (fifteen) calendar days, and during the entire insurance period – for no more than for 3 (three) insured events;
- c) If pursuant to these Terms and Conditions BTA cannot provide a leased vehicle to the Insured, BTA pays the expenses of the Insured related to the lease of another leased vehicle not exceeding the maximum amount of the insurance indemnity for one day set forth for this additional risk in the insurance contract;
- d) BTA stops paying for the use of the leased vehicle on the next working day after the completion of the repair of the insured vehicle if it can be used in the road traffic in accordance with the effective regulatory enactments or from the 16th leased vehicle use day depending on which comes first.

3.2.3. Insurance of specialised works – optional insurance that covers the losses related to damage to a vehicle that are directly related to the loading or unloading works including when the vehicle tips over or a load falls down on it. The insurance indemnity is not paid when the regulatory enactments regulating the loading and unloading works or the vehicle operation regulations are violated (for instance, driving with a lifted load box, side supports are not used, pneumatic cushions are not exhausted if it is contrary to the vehicle operation regulations).

3.2.4. Risk of hydro impact – vehicle damage caused by a vehicle hitting a puddle or flooded place when water gets into the electric or mechanical units and aggregates (engine, transmission, etc.) causing damage to the electric or mechanical units and aggregations of the vehicle. The maximum insurance indemnity amount paid out for all insured events together during the validity period of the insurance contract is EUR 3 500.

3.2.5. Key theft – optional insurance that covers the replacement of vehicle ignition keys and security system control devices in the event of robbery of the vehicle ignition keys and security system control devices. The insurance indemnity expressed in money is paid after the receipt of the payment documents. The maximum insurance indemnity amount paid out for all insured events together during the validity period of the insurance contract is EUR 200.

3.2.6. Aerography – optional insurance that covers losses related to damage to the aerographic drawing, carbon, matt and other protective and coloured films of the vehicle, except for glass damage, upon the occurrence of the basic insured risks referred to in Articles 3.1.1 – 3.1.7 or Article 3.1.10. The maximum insurance indemnity amount paid out for all insured events together during the validity period of the insurance contract is EUR 400.

3.2.7. Vehicle maintenance risk – optional insurance that covers damage related to the vehicle washing, maintenance, repair and the consequences thereof.

4. EXCEPTIONS

4.1. BTA does not pay out the insurance indemnity in the following events:

4.1.1. The **vehicle was stolen using the original ignition** keys of the vehicle or original vehicle anti-theft equipment control devices. The aforementioned is not applied to the situations stipulated in Article 7.1.3 and Article 7.1.4 of these Terms and Conditions, as well as upon the occurrence of the Robbery Risk;

4.1.2. After the theft of the vehicle all copies of the ignition keys of the insured vehicle indicated in the insurance contract, and if not indicated therein, all **ignition key copies** provided for by the manufacturer, all copies of the anti-theft equipment control devices, registration certificate of the vehicle or removal certificate regarding the removal of the insured vehicle ignition keys or anti-theft equipment control devices drawn up by a law enforcement institution within the framework of the criminal procedure, are not immediately, as soon as possible, submitted to BTA. The aforementioned is not applied to the situations stipulated in Article 7.1.3 and Article 7.1.4 of these Terms and Conditions, as well as upon the occurrence of the Robbery Risk;

4.1.3. In the event of the theft of the vehicle, parts or extra equipment of the **vehicle was not equipped with anti-theft systems approved by BTA**, the vehicle was left unlocked, anti-theft systems were not activated or were not in proper working order, including when the directions of the anti-theft system manufacturer have not been complied with for the system to be in proper working order (for instance, payment of the subscription fee in due time, technical maintenance of the system);

4.1.4. Audio, video or navigation devices with a removable control panel, screen or any other part provided for is stolen, and this control panel, screen or removable part is not submitted to BTA;

4.1.5. A trailer or semi-trailer of the vehicle that was not hitched to the trailing vehicle or within the territory closed and guarded within the perimeter;

4.1.6. If the Customer, Insured, subordinate or family member thereof, vehicle driver or Legal User of the Vehicle have carried out unlawful activities that caused the occurrence of the Theft, Robbery or Third Party Illegal Activity risk;

4.1.7. The owner **loses possession of the vehicle through fraud;**

4.1.8. the **legal user of the vehicle fails to return the vehicle to its owner** or the holder or Lessee specified in the vehicle registration certificate;

4.1.9. The damage is related to loading and unloading works involving the vehicle, including when the vehicle tips over or a load falls down on it; however, the insurance indemnity is paid out for such damage in the events referred to in Article 3.2.3 provided that there is the optional insurance referred to in Article 3.2.3;

4.1.10. If the vehicle is being used as an operational vehicle, a vehicle for the performance of operational tasks of security companies (undertakings), a taxi, courier transport, carrier of hazardous cargo or the vehicle is being used for driving lessons, or is leased for remuneration for a short-term (the lease period is less than 6 months) **and there is no remark on that in the insurance contract;**

4.1.11. A vehicle driver has left the place of the RTA violating the procedures set forth in the effective regulatory enactments;

4.1.12. The RTA happens **while the vehicle driver** is driving it or teaching another person to drive if the breath or blood test of the driver or the person who is learning to drive **establishes alcohol, drugs, psychotropic or other intoxicating substances** or substances arising as a result of the decomposition thereof (metabolites) exceeding the norms set forth in the regulatory enactments of the respective country where the accident took place, or medicinal products that reduce reaction speed and attention and there is a respective note regarding it in the medicinal product directions;

4.1.13. The **vehicle driver** or a driving student who was driving the vehicle at the moment of the accident **has used alcoholic drinks, narcotic or other intoxicating substances after the RTA until the examination** that determines the alcohol concentration in the blood or establishes the influence of drugs or other intoxicating substances, or the release from such an examination in accordance with the procedures set forth in the effective regulatory enactments;

4.1.14. The vehicle driver or a driving student who was driving the vehicle at the moment of the RTA **has avoided a medical examination to determine the alcohol concentration** or influence of drugs or other intoxicating substances, if such an examination regarding the accident was initiated by a competent state authority or medical institution;

4.1.15. Damage is caused through a causal relationship due to the malicious intent or fault of the Customer, Insured, their family member, their subordinates working on a contractual basis, legal user of the vehicle or a driver that in terms of losses and civil liability consequences, is considered as wilful misconduct, for instance:

a) the RTA takes place due to the vehicle driver violating the railroad crossing regulations;

b) the RTA takes place due to the vehicle driver failing to stop at a red traffic light;

4.1.16. The damage is caused by or related to the driving of the vehicle without **the State technical examination**, the vehicle does not have tyres that correspond to the respective season or the tyres do not meet the requirements of the regulatory enactments regarding the State technical examination and the technical control on the roads effective at the moment of the RTA and it has a causal relationship with the insured event;

4.1.17. Damage is caused by the **cargo** in the insured vehicle or the trailer thereof **that is not fastened** in accordance with the requirements of the effective regulatory enactments;

4.1.18. Upon the occurrence of the RTA it is established that over the last 24 hours prior to the RTA the **requirements of the European Member State agreements concerning the Work of Crews of Vehicles Engaged in International Road Transport (AETR agreement)**, European Parliament and the Council regulations or regulatory enactments of a respective country applying to the compliance of the vehicle driver's driving and break time;

4.1.19. When the RTA took place the **vehicle was driven by a person who does not have a driver's licence permitting to drive a respective category vehicle** or a prohibition to drive a vehicle is applied to this person, or this person was driving a vehicle that does not correspond to the restriction code indicated in the driver's licence regarding the customised transmission (automatic or mechanical gearbox);

4.1.20. At the moment of causing the damage the **vehicle was in illegal possession** but was not insured against Theft, Robbery and Third Party Illegal Activity risks;

4.1.21. Damage was caused by **electric installations used** in the vehicle, whose total mass exceeds 5 tonnes, if such installations have not been installed by a vehicle manufacturer and they are not used in accordance with the user manual;

4.1.22. Damage was caused **due to weather conditions** (corrosion, cracking from cold, etc.) **or natural depreciation** (including small varnish and paint damages, scratches);

4.1.23. Damage was caused to a **running mechanism** of the vehicle (shock-absorbers, springs, bearings, etc.), except when upon the occurrence of the insured risk the simultaneous mechanical deformation of other vehicle parts occur, for instance, by hitting a pothole;

4.1.24. The RTA takes place while the vehicle is driving **in an area where it is not permitted to drive** or that is not meant for road traffic (for instance, frozen water bodies, swampy areas, etc.);

4.1.25. The damage is caused by driving the vehicle in a way that the **driver's actions qualify as aggressive driving** in accordance with Article 149⁴ of the Administrative Violation Code;

4.1.26. The cause of the occurrence of the insured risk is:

a) terror acts (acts that are expressed as using power and violence, or threats to use them by any third party or group of persons who act in solitude or in relation to any organisation or government, or on the behalf thereof, that are being carried out because of political, religious, ideological or ethnic reasons and that include the intention to affect the government and put the public or any part of it in danger). No losses incurred due to any terror act preventive measures are compensated,

b) war, invasion or activities similar to a war (irrespective of whether the war is declared or not) or civil war,

c) direct or indirect impact of a nuclear explosion, nuclear energy or radioactive substances, direct or indirect radioactive pollution.

4.2. BTA does not indemnify losses for Optional Risks:

4.2.1. For the replacement of vehicle ignition keys or anti-theft equipment, except the events when the optional risk Key Theft is insured in accordance with the insurance contract;

4.2.2. related to the restoration of the aerography and other similar painting or damages to carbon, matt or other protective and coloured films, except the events when the optional risk Aerography is insured in accordance with the insurance contract;

4.2.3. Related to vehicle damage caused by the vehicle hitting puddles or flooded areas when water gets into the electric or mechanical units and aggregates of the vehicle, except the events when the optional risk Hydro Impact Risk is insured in accordance with the insurance contract;

4.2.4. For vehicle damage related to vehicle washing, maintenance, repair or the consequences thereof, except the events when the optional risk Vehicle Maintenance Risk is insured in accordance with the insurance contract;

4.3. BTA does not indemnify losses related to the **loss of fuel** in the tank of the stolen, robbed or lost vehicle.

4.4. The insurance contract **is considered invalid** if at the moment of the conclusion of the Insurance contract a **search for the insured vehicle is announced** in any country.

5. SUM INSURED

5.1. The **sum insured** is the amount of money for which the insurance object is insured. The Customer is responsible for determining the sum insured. After paying out the insurance indemnity the sum insured remains invariable. The sum insured is the maximum amount that can be paid by BTA for one insured event.

5.2. If the sum insured set forth in the insurance contract is higher or lower than the actual value of the vehicle, the insurance indemnity will be calculated in the following way:

5.2.1. If the sum insured is higher than the actual value of the insured object (**over-insurance**), the insurance indemnity is paid out without exceeding the loss amount by reducing it by the deductible amount;

5.2.2. If the sum insured is lower than the actual value of the insurance object (**under-insurance**), the insurance indemnity is calculated as the proportion of the sum insured and the insurance object value just before the insured event. A deductible is withheld from the indemnity to be paid out.

6. OBLIGATIONS UPON THE OCCURRENCE OF A POTENTIAL INSURED EVENT

6.1. Upon the occurrence of a potential insured event **the insurance indemnity payment precondition** is the **fulfilment of the obligations** of the Customer, Insured or **the Legal User** of the Vehicle.

6.2. **Upon the occurrence of a potential insured event** to immediately, as soon as possible, call the **BTA hotline +371 26121212** provide the information about the accident and fulfil all the received instructions.

6.3. **Upon the occurrence of an RTA risk**, to immediately, as soon as possible, carry out the activities in accordance with the effective regulatory enactments, as well as:

6.3.1. To notify the Police or another competent State law enforcement authority of the RTA or to fill out the coordinated accident statement if it is prescribed by the regulatory enactments of the country where the RTA happened, as well as the Police or another State law enforcement authority must be notified if the vehicle is damaged during the accident and due to these damages the vehicle cannot participate in the road traffic;

6.3.2. If the vehicle that caused the RTA is known or there was enough information to determine it, to inform BTA of the registration number of the vehicle that caused the RTA, and the name and address of its insurer and the policy number, as well as, if a request has been received from a respective insurance company, to immediately, as soon as possible, present the damaged vehicle to the experts thereof.

6.4. Upon the occurrence of **other risks**, except the RTA, including when the damage is caused by the direct impact of objects falling down from buildings or structures possessed by third parties on the insurance object and in the event of the theft of vehicle ignition keys and anti-theft system control devices, to immediately, as soon as possible, notify the Police and other law enforcement authorities of the accident if such a possibility is prescribed by the regulatory enactments of the country where the insured risk occurred. The Police may not be informed of the occurrence of an event of the risk of glass breaking.

6.5. Upon the occurrence of a **Theft or Robbery Risk**, to immediately, as soon as possible, take all possible measures so that the criminal procedure regarding the theft or robbery of the vehicle is initiated in the country in which the insured risk has occurred and an international search for the vehicle is immediately announced.

6.6. If the insured risk occurred **outside the territory of the Republic of Latvia**, to submit a document issued by a law enforcement institution of the respective country on the potential insured event to BTA.

6.7. To immediately, as soon as possible, **present the damaged vehicle to a BTA representative**, as well as:

6.7.1. To submit a written claim of a certain form regarding the occurrence of the insured risk providing complete and detailed information about the accident, except the events when BTA specifies that a written claim is not required;

6.7.2. To present the original driver's licence;

6.7.3. To submit the original copy of the vehicle registration certificate in the event of vehicle theft or robbery and in other cases to produce the original copy of the vehicle registration certificate;

6.7.4. To submit explanations of the vehicle driver or the Legal User of the Vehicle regarding the accident and, upon the request of BTA, to submit a written summary of the events;

6.7.5. To submit all documents requested by BTA related to the accident that are required for the clarification of the accident circumstances or the determination of the loss amount.

6.8. Upon the occurrence of the insured risk, **to not make any repairs to the vehicle** until the receipt of a respective consent of BTA. A partial repair **can be made** if the refusal of the immediate repair can increase the losses caused due to the occurrence of the insured risk (for instance, **replace tyres or mirrors**).

6.9. After the repair of the vehicle, upon the request of BTA, to return the parts damaged and replaced upon the occurrence of the insured risk.

6.10. If upon the occurrence of any basic risk referred to in Articles 3.1.1. – 3.1.7 the damaged vehicle is equipped with a **tachograph**, to submit the tachograph disc or the printout of the digital tachograph of the damaged vehicle at the moment of the accident and the tachograph discs or printouts of the digital tachograph for the 24 hours prior to the accident.

7. INSURANCE INDEMNITY

7.1. Determination of the insurance indemnity **in the event of theft, robbery or loss** of the vehicle:

7.1.1. The **amount of the insurance indemnity** is calculated in the following way:

a) first, the actual value of the vehicle at the moment of the accident is calculated (this does not apply to the events of insurance at replacement value);

b) the deductible indicated in the insurance contract is deducted from the calculated vehicle value;

c) the yet unpaid part of the insurance premium until the end of the insurance period is deducted from the calculated amount;

d) the amount calculated in such a way is reduced by the residual value of the vehicle in the event of loss if the Insured makes a decision to keep the remains of the vehicle in his or her possession;

7.1.2. In the event of vehicle loss the Insured is entitled to select:

a) to transfer the remains of the lost vehicle to BTA and re-register the vehicle in favour of BTA or a third party specified thereby. The insurance indemnity is paid after the Insured carries out all activities required to transfer the insured vehicle into the property of BTA or a third party specified thereby. If the Insured fails to re-register the vehicle remains and transfer them to BTA in due time, BTA is entitled to leave the vehicle remains to the Insured and deduct the value of the remains from the insurance indemnity;

b) to keep the remains of the lost vehicle in his or her possession;

7.1.3. In the event of the theft of the vehicle BTA compensates the losses caused due to the theft if the vehicle ignition key, anti-theft system, including installed immobilisers, control devices or the vehicle registration certificate is stolen from a house or an apartment, or another locked premises (except the vehicle) as a result of an evident theft with breaking in and the vehicle was stolen immediately after the theft of the vehicle ignition keys, anti-theft system control devices or the vehicle registration certificate theft. This Article does not apply to events of theft within the territory of the CIS states;

7.1.4. When calculating the insurance indemnity for the theft of the vehicle BTA **applies a 50% deductible**, if the vehicle ignition key, anti-theft system, including the additionally installed immobiliser, control devices or the vehicle registration certificate is lost or stolen irrespective of the circumstances and reasons for the loss or theft (except the event referred to in Article 7.1.3 of these Terms and Conditions) provided that the Customer or the Insured immediately, as soon as possible, has notified BTA of the loss or theft of the vehicle ignition key (keys),

anti-theft system (systems) control device (devices) or the vehicle registration certificate and has taken the following security measures:

a) has blocked the vehicle's anti-theft system;

b) has delivered the vehicle to a safe place (for instance, guarded garage, fenced and guarded parking place), if the measures referred to in clause (a) cannot be taken;

c) has replaced or repaired the vehicle ignition keys and anti-theft equipment control devices and produced the documents confirming these activities to BTA or presented the vehicle to a BTA representative so that he or she could ascertain that the aforementioned activities have been carried out;

Article 7.1.4 does not apply to events of theft within the territory of the CIS states.

7.1.5. Upon the occurrence of an insured event related to the **Theft or Robbery risk within the territory of the CIS states**, the deductible is determined in double the amount, but no less than 20%;

7.1.6. In the event of theft or robbery of the vehicle BTA only pays out the insurance indemnity after the Insured carries out all activities required to transfer the vehicle into the property of BTA or a third party specified thereby if the vehicle is found. All expenses related to the drawing up of respective documents are covered by the Insured;

7.1.7. BTA replaces the stolen or lost vehicle with a vehicle of the same make, model, production year and configuration; however, upon agreement of the parties the insurance indemnity can also be paid in cash. In the event of vehicle replacement the payment of the deductible set forth in the insurance contract and the unpaid part of the insurance premium, and also in the event of the loss of the vehicle, the value of the remains of the vehicle or the fulfilment of the obligation referred to in Article 7.1.2 a) is a precondition for paying out the insurance indemnity;

7.1.8. If there are encumbrances or ownership restrictions (unpaid taxes, fees, State Revenue Service or customs prohibition, pledge, arrest, etc.) imposed on the vehicle, in the events referred to in Article 7.1.2 a) and article 7.1.6 the Insured is obliged to make all required payments so that the vehicle could be re-registered in favour of BTA or a third party specified thereby, otherwise BTA reduces the insurance indemnity by the amount necessary to extinguish such encumbrances or ownership restrictions;

7.1.9. If BTA makes a decision to pay out the insurance indemnity for the vehicle theft or robbery and the **stolen or robbed vehicle is found** by the payment of the insurance indemnity, BTA is entitled to fulfil the insurance indemnity payment obligation by delivering the found vehicle to the Insured in the condition it was just before the occurrence of the insured event. If the found vehicle is damaged, BTA covers the repair expenses for the restoration of the vehicle to the condition it was just before the insured event and expenses for the transportation of the vehicle to a repair service. If the found vehicle is not damaged, BTA covers the expenses for the delivery of the vehicle to the place of residence of the Insured specified in the insurance contract;

7.1.10. **After the insurance indemnity is paid out** in the event of theft, robbery or loss of the vehicle, the insurance **contract becomes void**;

7.1.11. The **total insurance indemnity** in the events of the theft, robbery or loss of the **extra equipment** referred to in Article 2.2 of these Terms and Conditions **cannot exceed 20%** (twenty percent) of the sum insured of the vehicle, even when the actual value of the extra equipment is higher at the moment of the accident. The aforementioned does not apply to events when the extra equipment is stolen or lost together with the vehicle.

7.2. Determination of the insurance indemnity in the **event** of vehicle **damage**:

7.2.1. BTA ensures the possibility **to repair the damaged vehicle** at a repair service approved by BTA, to restore the vehicle to the condition equivalent to the vehicle's condition just before the occurrence of the insured event. For vehicles that are not older than 7 (seven) years BTA accepts the repairs at the repair service of a corresponding level that meets the requirements of the manufacturer's warranty;

7.2.2. Upon the occurrence of an insured event the Customer, Insured and the Legal User of the vehicle is obliged to pay the applicable deductible specified in the insurance contract to the repair service in a way specified by BTA or to pay the invoice issued by BTA;

7.2.3. The Insured may also repair the vehicle at a preferred car service centre and in this event BTA transfers the insurance indemnity to the car service centre selected by the Customer in the amount of the repair work costs, deducting the deductible set forth in the insurance contract; however, in this event the insurance indemnity may not exceed the amount of the vehicle repair estimate prepared by the car service centre selected by BTA or the amount of the insurance indemnity calculated in accordance with the Technical Examination Methodology for mandatory Civil Liability Insurance of Owners of Motor Vehicles approved by the Motor Insurers' Bureau of Latvia in accordance with the procedure set by the Cabinet of Ministers;

7.2.4. **If the Insured wants to receive the insurance indemnity in cash**, BTA pays out the insurance indemnity in the amount specified in the repair estimate agreed with the car service centre, not including VAT and deducting the deductible set forth in the insurance contract, or BTA pays out the insurance indemnity that is calculated in accordance with the Technical Examination Methodology for Compulsory Civil Liability Insurance of Owners of Motor Vehicles approved by the Motor Insurers' Bureau of Latvia in accordance with the procedure set by the Cabinet of Ministers that is valid at the moment of the occurrence of the insured event, not including VAT and deducting the deductible set forth in the insurance contract;

7.2.5. In the event of theft of the vehicle parts or extra equipment BTA maintains the right to repair the vehicle and install equivalent parts or equipment;

7.2.6. If it is agreed upon with the Customer that BTA will also not pay VAT in the event of the vehicle repair, BTA pays out the insurance indemnity in the amount specified in the repair estimate agreed upon with the repair service centre deducting the value added tax (hereinafter VAT);

7.2.7. If the deductible in the insurance contract is determined both in percentage of the loss amount and in terms of money, the highest of these deductibles is applied.

7.2.8. If the insurance claim for the **second insured event** is submitted during the validity period of the insurance contract for which the insurance indemnity is calculated, for this and subsequent events a deductible of EUR 140 is determined. In the events when a higher deductible than stipulated in this Article is set forth in the insurance contract, the deductible set forth in the insurance contract is applied. The event referred to in Article 7.2.10 of these Terms and Conditions is not taken into consideration when determining the number of insured events that took place during the validity period of the insurance contract;

7.2.9. BTA is entitled to deduct the outstanding share of the insurance premium that is to be paid until the expiry of the insurance period from the calculated insurance premium;

7.2.10. The **deductible is not deducted** if, when paying out the indemnity, BTA is entitled to collect the loss in full from the insurance company registered in the Republic of Latvia or the European Union in accordance with the mandatory civil liability insurance of owners of motor vehicles. In the event that when paying out the indemnity, BTA is entitled to collect the loss in full from an insurance company registered abroad, apart from the European Union, or a third party, the deductible is deducted until the losses are compensated in full, then it is refunded to the Insured;

7.2.11. BTA compensates transportation expenses for vehicle transportation to the nearest car service centre if such transportation is related to the damage and it is economically justified, as well as expenses for vehicle rescue and towing on the road:

a) not exceeding EUR 250 for an insured event that has occurred within the territory of the Republic of Latvia,

b) not exceeding EUR 450 for an insured event that has occurred outside the territory of the Republic of Latvia.

Transportation expenses are also covered in the event of loss of the vehicle. If the Insured and the lessee or holder of the vehicle specified in the vehicle registration certificate is a VAT payer and receives the transportation expenses in cash, VAT is not included therein.

If a criminal procedure is initiated regarding the RTA and due to the investigation in the criminal procedure or due to any other reason the vehicle or the remains thereof must be parked in a parking place, BTA covers the parking expenses for up to 15 (fifteen) days, not exceeding EUR 250, during the validity period of the insurance contract.

7.3. Payment of the insurance indemnity:

7.3.1. In the event of vehicle damage BTA makes a decision to pay out or to not pay the insurance indemnity within 5 (five) working days after receiving all required documents regarding the potential insured event;

7.3.2. In the event of the theft or robbery of the vehicle BTA makes a decision to pay out or to not pay the insurance indemnity within 30 (thirty) calendar days after the receipt of all required documents confirming the occurrence of the insured event and the amount of the incurred losses;

7.3.3. BTA is entitled to notify of the adopted decision regarding the payment of the insurance indemnity via SMS or e-mail.

8. VALIDITY OF THE CONTRACT AND ITS TERMINATION PROCEDURE

8.1. The insurance contract is valid within the territory of the Republic of Latvia. **In addition** the following can be included in the insurance contract:

8.1.1. The Baltic States – the insurance contract is valid within the territory of the following countries: Latvia, Lithuania, Estonia;

8.1.2. European countries – the insurance contract is valid within the territory of the following countries: Latvia, Lithuania, Estonia, Austria, Albania, Andorra, Belgium, Bulgaria, Bosnia and Herzegovina, the Czech Republic, Denmark, France, Greece, Croatia, Italy, Ireland, Iceland, Cyprus, Great Britain, Lichtenstein, Luxembourg, Malta, Monaco, Macedonia, Norway, the Netherlands, Portugal, Poland, Romania, Spain, Finland, Slovakia, Slovenia, Serbia and Montenegro, San Marino, Switzerland, Hungary, Germany, the Vatican and Sweden;

8.1.3. CIS States – the insurance contract is valid within the territory of the following countries: The European part of the Russian Federation located to the West of the Ural Mountains, Belarus, Ukraine and Moldova.

8.2. The insurance contract is concluded for 1 (one) year, unless another validity period is set forth in the insurance contract.

8.3. The insurance contract takes effect on the date indicated in the insurance contract provided that the insurance premium or the first part thereof, if the insurance premium payment by instalments is set forth in the insurance contract, is paid within the time limit and in the amount indicated in the insurance contract.

8.4. If the insurance premium or the first instalment thereof is paid after the date specified in the insurance contract, BTA is entitled to make a decision regarding the non-acceptance of the insurance premium payment, and the insurance contract not taking effect, by refunding the paid insurance premium to the Customer within the time limit set forth in the Insurance Contract Law.

8.5. The Customer is obliged to make the regular insurance premium instalment payment within the time limits and in the amounts set forth in the insurance contract in accordance with the invoice. If the insurance premium payment is not complete on the date specified in the insurance contract, BTA is entitled to terminate the insurance contract in accordance with the procedure prescribed by the effective regulatory enactments of the Republic of Latvia.

8.6. When paying the insurance premium by bank transfer, it is considered paid at the moment it is transferred into the BTA bank account or the bank account of the intermediary who is unequivocally authorised to collect insurance premiums from the Customer.

8.7. If the vehicle owner or the lessee (holder) specified in the vehicle registration certificate changes, the insurance contract is considered invalid from the moment of respective changes, except for when the vehicle becomes the property of the Customer or the lessee (holder) specified in the insurance contract and when the vehicle becomes the property of the legal entity to whom it was pledged and the former owner of the vehicle becomes the holder of the vehicle. From the moment the owner of the vehicle changes until the expiry date of the insurance contract indicated in the insurance contract, the Customer is entitled to notify BTA of a change of vehicle owner and to request BTA refund the part of the insurance premium or to transfer it for the payment of another BTA insurance contract in accordance with Article 8.8 of these Terms and Conditions.

8.8. Either of the parties is **entitled to terminate the insurance contract at any time** by giving the other party a 15 (fifteen) day written notice. In such a case:

8.8.1. If the insurance indemnity has not been paid during the validity period of the insurance contract or no insurance claim has been submitted regarding the potential insured event, BTA refunds the part of the paid insurance premium for each full calendar day remaining until the expiry of the insurance contract deducting the administrative expenses related to the conclusion of the insurance contract amounting to 20% (twenty percent) of the unused insurance premium, i.e. from the part of the insurance premium that corresponds to the unused validity period of the insurance contract, to the Customer;

8.8.2. If the insurance indemnity has been paid during the validity period of the insurance contract or an insurance claim has been submitted regarding the potential insured event, BTA refunds the difference between the insurance premium amount paid to BTA that corresponds to the full calendar days remaining until the expiry of the insurance contract and the paid out insurance indemnity amount deducting the administrative expenses related to the conclusion of the insurance contract amounting to 20% (twenty percent) of the unused insurance premium, i.e. from the part of the insurance premium that corresponds to the unused validity period of the insurance contract, to the Customer;

8.8.3. When calculating the part of the insurance premium to be refunded BTA administrative expenses are not deducted in the event when part of the insurance premium is used to pay for another BTA insurance contract.

9. CONCLUSION OF THE INSURANCE CONTRACT BY MEANS OF DISTANCE COMMUNICATION

9.1. The Customer and BTA may conclude the insurance contract by using means of distance communication.

9.2. Insurance contracts entered into in such a way are considered contracts entered into by and between BTA and the Customer based on a written proposal and invoice of BTA or using the internet, e-mail, telephone or other means of information exchange.

9.3. If the insurance contract is concluded by means of distance communication:

9.3.1. The insurance contract takes effect on the next day after the insurance premium determined by BTA is paid in full, unless agreed otherwise by the parties;

9.3.2. By paying the insurance premium the Customer confirms that he or she agrees with all the terms and conditions of the insurance contract of which BTA has informed by a particular means of distance communication;

9.3.3. Absence of a written insurance policy does not affect the validity of the insurance contract;

9.3.4. The Customer is entitled to request and BTA is obliged to submit a written insurance policy to the Customer in accordance with the procedure set forth in the Insurance Contract Law;

9.3.5. Pursuant to the Republic of Latvia Cabinet Regulation No. 1037 of 21 December 2004 'Regulations Regarding Distance Contracts for the Provision of Financial Services' the Customer may use the right of withdrawal i.e. the right to withdraw from the concluded insurance contract, by submitting a written notification to BTA regarding the withdrawal within 14 (fourteen) calendar days after the conclusion of the insurance contract. If during the period of 14 (fourteen) days from the insurance contract conclusion day the Customer

submits an insurance claim regarding the potential insured event to BTA, it means that the right of withdrawal has not been used and the insurance contract is valid;

9.3.6. If the Customer exercises the right of withdrawal, no later than within 30 (thirty) days after the receipt of the notification regarding the withdrawal, BTA pays back part of the insurance premium to the Customer, the amount of which is determined by deducting the part of the insurance premium for the used validity period of the insurance contract and administrative expenses amounting to 20% (twenty percent) of the unused insurance premium from the paid insurance premium. i.e. from the part of the insurance premium that corresponds to the unused validity period of the insurance contract. If the insurance indemnity is paid out during the validity period of the insurance contract pursuant to the insurance contract or the insurance claim is submitted regarding the insured event, BTA will not refund the part of the insurance premium calculated in accordance with the aforementioned procedure to the Customer.

10. OTHER TERMS AND CONDITIONS

10.1. All disputes that may arise regarding the insurance contract will be resolved in the court of the Republic of Latvia in accordance with the effective regulatory enactments of the Republic of Latvia.

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

10.3. If, when signing an insurance contract, the Customer does not inform BTA of another procedure, then also in the events when the insurance indemnity paid out by BTA covers only part of the losses of the Insured, BTA may use its recourse rights irrespective of whether the Insured exercises or does not exercise his or her rights to bring an action against the guilty party. BTA and the Customer or the Insured may agree in writing upon cooperation in loss recovery, including on bringing a joint action and maintaining it.

10.4. By concluding the insurance contract the Customer and the Insured confirm that they allow BTA as the manager of the system, personal data recipient and personal data operator, to process the personal data of the Customer, including sensitive personal data and personal identification (classification) codes in accordance with the Personal Data Protection Law and other effective regulatory enactments of the Republic of Latvia for the risk appraisal. The Customer and the Insured confirm that they allow BTA to receive information about the Customer from the State personal data processing authorities and the Register of Debtors held by the Bank of Latvia, if such information is required for BTA. The confirmation referred to in this Article is also valid to all individuals who enter into insurance contracts on behalf of a legal entity.

10.5. During the validity period of the insurance contract the Customer and the Insured are obliged to present the insured vehicle to the representative specified by BTA within 3 (three) working days after the receipt of a respective request of BTA. If this obligation is not fulfilled, BTA is entitled to not pay out the insurance indemnity upon the occurrence of the risks referred to in the insurance contract.

10.6. The same terms and conditions as applied to a hitched insured trailing vehicle are applied to a trailer of the vehicle that is insured in accordance with these Terms and Conditions. The driver of the trailing vehicle is also the driver of the trailer.

10.7. The contractual relationship ensuing from the insurance contracts entered into in accordance with these Terms and Conditions are governed by the regulatory enactments of the Republic of Latvia.

10.8. These Terms and Conditions are applied to insurance contracts signed as of 11 February 2014, unless the parties agree otherwise in the insurance contract.