



# REAL ESTATE MANAGERS' GENERAL THIRD PARTY LIABILITY INSURANCE

Terms and Conditions No. GL03  
Effective as of 30.10.2019

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**bta**

VIENNA INSURANCE GROUP

BTA Baltic Insurance Company AAS shall conclude real estate managers' general third party liability insurance contracts in accordance with these Terms and Conditions.

## CONTENTS

<b>TERMS USED IN THE TERMS AND CONDITIONS</b> .....	<b>1</b>
<b>2. INSURANCE OBJECT AND INDEMNIFIABLE LOSSES</b> .....	<b>2</b>
<b>3. LIABILITY LIMIT AND DEDUCTIBLE</b> .....	<b>3</b>
<b>4. PRINCIPLE OF INDENNIFICATION FOR LOSS</b> .....	<b>4</b>
<b>5. EXCEPTIONS</b> .....	<b>4</b>
<b>6. CONCLUSION OF INSURANCE CONTRACT AND COMING OF INSURANCE TO EFFECT</b> .....	<b>7</b>
<b>7. INSURANCE PREMIUM AND PROCEDURE FOR PAYMENT THEREOF</b> .....	<b>8</b>
<b>8. INSURANCE CONTRACT TERMINATION</b> .....	<b>8</b>
<b>9. RIGHTS AND LIABILITIES OF THE POLICYHOLDER, THE INSURED AND BTA</b> .....	<b>9</b>
<b>10. INSURANCE INDEMNITY DISBURSEMENT PROCEDURE</b> .....	<b>10</b>
<b>11. SUBROGATION RIGHTS</b> .....	<b>11</b>
<b>12. OTHER PROVISIONS</b> .....	<b>12</b>

## TERMS USED IN THE TERMS AND CONDITIONS

**Policyholder** – person concluding an Insurance Contract for the benefit of oneself or another person.

**Insurance Indemnity** – the amount payable for the Insured Event or the services to be rendered in accordance with the concluded Insurance Contract.

**Insured Event** – an event related to the Unlawful Activity by the Insured through cause and effect relationship, upon occurrence of which Insurance Indemnity disbursement is envisaged in accordance with the Insurance Contract.

**Insurance Contract** – an agreement between BTA and the Policyholder, according to which the Policyholder undertakes to pay the Insurance Premium according to the manner, deadline and to the amount specified in the Insurance Contract as well as to fulfil all other obligations under the Insurance Contract. In turn, BTA undertakes, upon occurrence of an Insured Event, to disburse the Insurance Indemnity in accordance with the Terms and Conditions of the Insurance Contract. Insurance Contract shall include the following documents: the Regulations, Insurance Policy, annexes, amendments, agreements to Insurance Policy, concluded between the Policyholder and BTA.

**Insurance period** – time -frame wherein the insurance is effective.

**Insurance Application** – a document or any other information, submitted by the Policyholder to BTA in order to inform about the insurance object, facts and circumstance required by insured risk assessment. If Insurance Application according to the form determined by BTA was not submitted, the information specified in the Insurance Contract about the Insurance Object, the Policyholder and the Insured shall be considered provided by the Policyholder. Acceptance of the insurance application shall not impose any obligation on BTA to conclude an Insurance Contract.

**Insurance Policy** – a document, which shall acknowledge Insurance Contract conclusion and encompass the Terms and Conditions of the Insurance Contract, whereupon the Policyholder and the Insured have agreed.

**Insurance Premium** – the payment for the insurance specified in the Insurance Contract.

**Insurance territory** – Territory specified in the Insurance Contract, wherein the loss occurred.

**Insured** – person indicated in the Insurance Contract or the person identifiable in accordance with the Insurance Contract, whose third party liability is subject to insurance.

Natural persons employed by the Insured, exercising their employment duties legal basis provided, shall be as well considered Insured.

**Insured economic activities** – real estate management.

**Indemnity Application** – an application in writing by the Insured according to the form determined by BTA on the Claim received.

**BTA** – BTA Baltic Insurance Company AAS, the insurer within the meaning of the Insurance Contract Law.

**Co-Insured** – person indicated in the Insurance Contract in addition to the Insured or the person identifiable in accordance with the Terms and Conditions of the Insurance Contract, whose third party liability is subject to co-insurance in accordance with the Terms and Conditions of the Insurance Contract. All the Regulations of the

Insurance Contract shall refer to the Co-Insured, including rights and obligations, and provisions, same as to the Insured.

**Extended loss reporting period** – time-frame specified in the Insurance Contract after the end of the Insurance Period. If Insurance Contract is terminated prior to the end of Insurance Period, Extended loss reporting period shall commence as of the moment of termination of the Insurance Contract.

**Notification on losses** – notification by the Policyholder or the Insured to BTA in regard with a Claim lodged by a Third Party, or a legal claim filed to court, on a prospective Insured Event or Unlawful Activity, which might cause Claim lodging against the Insured.

**Claim** – an application by Third Party to the Insured in writing in regard with indemnification for loss.

**Unlawful activity** – act or omission by the Insured, which caused losses to Third Parties.

**Retroactive period** – time-frame specified in the Insurance Contract before the beginning of the Insurance Period.

**Third Party** – person, who insured losses and is eligible to Insurance Indemnity in accordance with the Insurance Contract.

## 2. INSURANCE OBJECT AND INDEMNIFIABLE LOSSES

**2.1. Insurance Object** – professional third party liability of the Insured on losses incurred by Third Party in the result of Unlawful Activity upon provision of the Insured economic activities.

**2.2. Indemnifiable losses** – in accordance with the concluded Insurance Contract the following losses shall be indemnified:

**2.2.1.** Losses on damage to Third Party's personal health:

- a)** Medical treatment of Third Parties - losses in regard to medical treatment of Third Parties (delivering, placement and staying in a medical institution, for diagnostics, medical treatment and rehabilitation, personal care, purchase of medical products and medical nutrition, home medical treatment, including transport fees, occurred upon visiting medical institutions), as well as prosthetics, endoprosthetics and purchase or lease of technical auxiliary means;
- b)** Temporary loss of labour capacity - losses in regard to Third Party's temporary loss of labour capacity:
  - Third Party's lost income at the time of loss of labour capacity confirmed by a medical practitioner - sum of money, composed of Third Party average earnings for the time of loss of labour capacity confirmed by a medical practitioner calculated according to the procedure established within regulatory enactments, which regulate employment relationships, after deduction of allowances and compensations granted to Third Party upon damage to health according to the procedure established within regulatory enactments);
  - Losses incurred by the injured Third Party's employer in the amount of the disbursed medical sick leave allowance risk for the time of temporary loss of labour capacity, approved by the loss of labour capacity certificate, and the paid personal income tax and compulsory social insurance contributions for the time of temporary loss of labour capacity.
- c)** Loss of labour capacity - losses in regard to Third Party's loss of labour capacity:
  - Third Party's income gap defined upon subtraction of received employment income (should there be any) and the pensions granted from state social insurance budget or allowances received from state and municipality budget from the calculated lost income according to the procedure mentioned in "Temporary loss of labour capacity";
  - Third Party's, who is a full-time student of a higher education establishment and who is unable to continue his / her full-time studies due to loss of labour capacity, in the amount of difference between the part-time attendance fee in an accredited higher education establishment and the fee, payable for full-time studies in an accredited higher education establishment, if the fee on part-time attendance in an accredited higher education establishment is higher than the fee, payable for full-time studies in an accredited higher education establishment;
  - Third Party's, who has an opportunity to acquire a profession in order to gain income from the work, which is compatible with the current medical condition thereof, losses in

the amount of study fee and other reasonable expense related to obtaining professional education in the country of Third Party's professional residence.

**2.2.2.** Losses in regard to death of a person:

- a)** Burial - actual burial expenses supported by documentary evidence. A person, having undertaken the burial and presented the death certificate, as well as submitted the documents evidencing the fact of burial, is eligible to indemnification for loss on Third Party burial;
- b)** Losses deriving from death of third party - Losses suffered by Third Party dependants on lost part of income, to which each dependant is eligible while Third Party is alive and from which the granted survivor's pension is subtracted. The following persons shall be considered dependants:
  - Children of Third Party (adopted as well) until they reach adult age or until they study in a secondary educational establishment or until they remain full time students of a higher educational establishment, however, without exceeding 24 years of age, as well as irrespective of age if they become disabled prior to reaching adult age;
  - Brothers, sisters and grandchildren of Third Party (adopted as well) until they reach 18 years of age and they do not have any other supporter displaying labour capacity or until they study in a secondary educational establishment or until they remain full time students of a higher educational establishment, however, without exceeding 24 years of age, as well as irrespective of age if they become disabled prior to reaching adult age;
  - former family members, dependants of Third Parties, regarded as such in accordance with "State Pension Law".

**2.2.3.** Losses in regard to property damage - expenses in regard to renewal of the property to the condition of the property immediately before the Insured Event;

**2.2.4.** Losses in regard to total loss of property (if the property is beyond repair or renewal expenses exceed 70% of the actual property value immediately before the Insured Event) - losses amounting to the actual property value immediately before the Insured Event upon observance of the following:

- a)** in case property leftover are not submitted to BTA, then BTA shall calculate the losses amounting to the difference between the actual property value immediately before and after the Insured Event;
- b)** in case property leftover are submitted to BTA, then BTA shall calculate the losses amounting to the actual property value immediately before the Insured Event.

**2.2.5.** Rescue expenses - reasonable minimum expenses in regard with emergency measures to avert or reduce losses, even upon occasions when the measures appeared unsuccessful.

**2.2.6.** Expertise expenses - expenses on performance of expertise, prior coordinated by BTA, required to clarify the circumstances of the Insured Event or to determine the amount of loss occurred.

**2.2.7.** Legal expenses - expenses on services of legal nature, prior coordinated by BTA, upon settlement of a dispute related to Unlawful Activity between the Insured and a Third Party following an extrajudicial procedure or in court.

**2.2.8.** Litigation and legal case handling expenses:

- a)** Litigation expenses - state and registry charges ordered by the court, as well as the expenses related to consideration of the case, including but not limited to expenses related to processing of litigation documents and upholding of a claim, sums payable to witnesses and experts;
- b)** Lawyer expenses - expenses on lawyer and legal assistance services ordered by the court within their actual amount, however not more than 30% of the satisfied part on the claim upon an Insured Event;
- c)** Other expenses related to legal case handling - expenses ordered by the court in regard to arrival to the court hearing, as well as to attendance of the parties or representatives thereof or in taking evidence, expenses in regard to taking written evidence, translation expenses.

### 3. LIABILITY LIMIT AND DEDUCTIBLE

**3.1.** Upon conclusion of Insurance Contract, Policyholder and BTA shall agree upon the Liability Limit per a single insured event, aggregate Limit throughout the entire insurance period and the Sublimits.

Upon conclusion of Insurance Contract, Policyholder and BTA may agree upon increase or decrease of the Liability Limit per a single insured event, aggregate Liability Limit throughout the entire insurance period and the Sublimit.

**3.2. Aggregate liability limit upon the entire insurance period** – maximum Insurance Indemnity, which may be disbursed in regard to the Insurance Contract.

Upon disburse of Insurance Indemnity, aggregate liability Limit shall be reduced less the amount of Insurance Indemnity disbursed.

Aggregate Liability Limit may be renewed upon conclusion of the respective annex to Insurance Contract. An additional insurance premium may be calculated for renewal of the liability limit to the initial amount.

**3.3. Liability Limit per a single insured event** – maximum Insurance Indemnity to indemnify the losses occurred resulting from a single Insured Event.

Liability Limit per a single insured event may not exceed the aggregate Liability Limit, including upon observance of decrease of liability limit upon disbursement of Insurance Indemnity.

**3.4. Sublimit** – maximum Insurance Indemnity intended for indemnification of the Indemnifiable Losses of a particular type.

If there is no Sublimit defined by the Insurance Contract, than all types of losses shall be indemnified upon observance of the aggregate Liability Limit and the Liability Limit per a single insured event.

**3.5. Deductible** – The part of losses specified in the Insurance Contract, which shall not be indemnified by BTA upon occurrence of an Insured Event.

Different Deductibles may be determined by the Insurance Contract for different Indemnifiable Losses, while, upon occurrence of an Insured Event, wherein a Third Party suffered different types of losses (for instance, Losses in regard to damage to Third Party's health and Losses in regard to damage to property) within each type of losses a Deductible determined thereupon shall applied thereto. Deductible on the Insured Event may not exceed the largest Deductible on losses, occurred in the result of the Insured Event.

#### 4. PRINCIPLE OF INDENNIFICATION FOR LOSS

**4.1.** For BTA to perform Insurance Indemnity disbursement, all the below-mentioned preconditions are required to occur:

- 4.1.1.** Unlawful Activity committed by the Insured in the course of Retroactive period or Insurance period;
- 4.1.2.** Indemnifiable Losses occurred in the course of Insurance Period;
- 4.1.3.** Indemnifiable Losses occurred in the Insurance territory;
- 4.1.4.** Claim is submitted for the first time within Insurance Period or within the Extended loss reporting period;
- 4.1.5.** Notification on losses and Insurance Indemnity Claim is submitted within Insurance Period or within the Extended loss reporting period.

**4.2.** BTA shall disburse the Insurance Indemnity pursuant to the Terms and Conditions of the Insurance Contract, within the Insurance Period of which the Indemnifiable Losses incurred by Third Party occurred, if the preconditions mentioned in Article 4.1 of the Terms and Conditions have occurred.

**4.3.** BTA shall disburse the Insurance Indemnity according to the compensation principle in the amount, which complies with the minimum expenses required to indemnify for losses, for which the Insurance Indemnity is payable in accordance with the Insurance Contract concluded without exceeding the liability limits and Sublimits provided for in the Insurance Contract and upon withholding of the Deductible provided for in the Insurance Contract.

#### 5. EXCEPTIONS

**5.1. Insurance exceptions** – the event shall not be recognized as the Insured Event and the following shall not be indemnified:

- 5.1.1. Subcontractors' Liability** – losses caused by a subcontractor of the Insured;
- 5.1.2. Intoxicating substances in the body** – losses, caused by Unlawful Activity by the Insured while the Insured was intoxicated with alcohol, narcotic, psychotoxic, psychotropic or other intoxicating substances or, if presence of alcohol, narcotic, psychotoxic, psychotropic or other intoxicating substances was established in the body of the Insured;

**5.1.3. Product liability** – losses, occurred due defects of the product manufactured or sold by the Insured.

However, losses, deriving from performance of Insured economic activities, in regard to low-quality or inappropriate incorporation of the product into the managed real estate shall be indemnified;

**5.1.4. Recurring losses** – losses recurring due to the same cause, which has already previously caused losses to BTA in the same location, indemnified by BTA;

**5.1.5. Unauthorised construction work** – losses caused by works, should the latter require prior coordination in compliance with the effective regulatory enactments or encumbrance imposed, however, no coordination performed (construction permit, excavation permit, coordination upon construction work performance on an encumbered territory, felling authorisation, etc.);

**5.1.6. Employees** – losses in regard with damage to life or health of the employees of the Insured or damage to property, if caused within business hours of the employees of the Insured or upon performance of employment duties;

**5.1.7. Financial obligations** – losses, which present contractual or legal financial obligations undertaken in regard to Insured economic activities regulations and quality, including assignments on additional or repeated service rendering in the result of low-quality, erroneous, wrongful or incomplete works performed by the Insured;

**5.1.8. Financial losses** – losses unrelated to damage to life or health of a Third Party, renovation of a damaged property or replacement of property, which suffered total loss, with another property item;

**5.1.9. Loading and unloading** – losses, occurred due to loading and unloading works performed upon the use of mechanical loading, unloading or transportation devices;

**5.1.10. Impact of long-term circumstances** – losses occurred resulting from a process of long-term, progressing or accumulating nature (for instance, mould, rotting, corrosion, dust, soot, smut, scent, wear or depreciation);

**5.1.11. Infection** – losses related to any kind of organism infection by viruses or pathogens;

**5.1.12. Information technology security incident** – caused by an Information technology security incident occurred or impending in Cyberspace.

Cyberspace is an interactive environment that includes users, networks, computing technology, software, processes, information in transit or storage, applications, services, and systems that can be connected directly or indirectly to the internet, telecommunications and computer networks, and in which its users interact. Cyberspace has no physical borders.

Information technologies are technologies, which, for accomplishing their tasks, perform electronic processing of information, to include its creation, deletion, storage, display or transmission.

Information technologies security incident is a harmful event or offence as a result of which the integrity, accessibility or confidentiality of information technologies is jeopardized;

**5.1.13. Expenses in regard to interruption of economic operations** – Third Party's lost income, lost profit, current (urgent) expenses, labour remuneration, taxes and charges;

**5.1.14. Violation of use of property rights** - losses deriving from unlawful use of any kind of property or information (including but not limited to violation of real estate or movable property, applications, intellectual property, patent, copyright, registered trademarks, disclosure of commercial secret or competition rights);

**5.1.15. Hazardous substances** – losses occurred caused by explosive substances or mixtures, flammable gases, fluids or solids, noxious substances, mutagenic substances, carcinogenic or persistent organic pollutants;

**5.1.16. War** – losses, occurrence of which is related to any kind of manifestation of violence, including but not limited to war, invasion, occupation, annexation, a hostile act by a foreign country (with or without evidence to the involvement of the foreign country in such act), military operations or operations considered as such (with or without declaring war); civil war, rioting, a strike, a revolt, disturbances, a revolution, riots by military or usurped authorities, a state of war or depredations or looting related thereto, violence, vandalism, sabotage; a strike, lockout, public order disturbance to the extent considered as a revolt or riot; property confiscation, nationalisation, dispossession, requisition, destruction or disposal, if it is caused or sanctioned legally or actually authorised by a

legally or actually recognized state, or an internationally not recognized foreign force, irrespective of whether it is legal or not; other political risks, as well as all other losses or expenses incurred directly or indirectly due to measures of prevention of the above-mentioned events are not compensated;

- 5.1.17. Contractual liability** – losses, indemnification of which was undertaken by the Insured in accordance with a contract or another agreement, if obligation to indemnify such losses was not applicable to the Insured without such a contract or an agreement, as well as no penalty fees for non-performance or incomplete performance of a contract shall be indemnified (contractual penalty fees, penalties for delay or any other similar sanctions);
- 5.1.18. Malicious intent** – losses caused by malicious intent, which is a wilful action intended to cause damage, or the degree of culpability of a Third Party, Policyholder, the Insured or employees thereof, which in terms of consequences of indemnification for loss and other third party liability issues is tantamount to malicious intent;
- 5.1.19. Property subjected to impact** – losses, occurred in regard with damage to property, which is being processed, refurbished or subjected to impact by the Insured in any other way;
- 5.1.20. Improper qualifications** – losses, occurred in regard to Insured economic activities, performed without the required licences, certificates, engagement of specialists of proper qualifications for professional decision-making, if provided for in the regulatory enactments of the Insurance territory or determined by the competent authorities;
- 5.1.21. Non-material damage** – losses occurred upon undermining of non-material rights or non-material benefits of Third Parties, including defamation, loss of reputation, physical and moral suffering (moral damage), undermining privacy;
- 5.1.22. Loss resulting from property damage** - losses incurred by Third Party and deriving directly from property damage occurred within an Insured Event and which would not occur, should property be insured;
- 5.1.23. Losses occurred after completion of the work performance, service rendering** – losses, which derive from an accident, occurred upon completion of the Insured economic activities and submission of the managed real estate for management by other persons, if it terminates the obligation by the Insured to perform the Insured economic activities within the particular real estate;
- 5.1.24. Radioactivity and harmful radiation** – losses caused by exposure to ionising radiation sources, magnetic field or electromagnetic field, originating from operations with ionising radiation sources, nuclear materials, radioactive substances or objects, which cause magnetic or electromagnetic field, or Unlawful activity by the Insured on sites, wherein operations with ionising radiation sources, nuclear materials, radioactive substances or objects, which cause electromagnetic radiation pollution detrimental to health or high inductance of magnetic field, occur, occurred or are planned to be performed;
- 5.1.25. Cross Liability** – losses caused by Co-Insured to the Insured or vice versa;
- 5.1.26. Penalty fees** – penalty fees, disciplining or repressive sanctions and other similar payments, since obligation to pay thereof derives from regulatory enactments;
- 5.1.27. Terrorism** – losses, occurrence of which is related to any kind of manifestation of terrorism, including but not limited to an act of terror (an act, manifesting as application of power and violence, or threats to use it by any person or group of persons, acting on their own or in relation to any organisation or government, or on its behalf, which is being done on the basis of political, religious, ideological or ethnic reasons and includes the intent to influence the government or keep the public or a part of it in danger), neither are compensated any losses incurred due to the preventive measures against acts of terror;
- 5.1.28. Use of vehicles** – losses, occurred due to the use of mechanic land vehicles, railway vehicles, rail vehicles, marine vehicles, air vehicles space vehicles and additional equipment or trailers thereto;
- 5.1.29. Entrusted property** – losses, occurred in regard to damage to property submitted for usage, holding, possession, caring for, supervision or storage.

However, losses shall be indemnified, caused to the parts of the managed real estate, whereupon the Insured did not impact directly upon performance of the Insured economic activities, but which were damaged in the result of the Unlawful Activity by the Insured;

**5.1.30. Changes in water level** – losses related to flooding, changes of low tide, high tide and ground water levels;

**5.1.31. Vibration and attenuation of structure's foundations** – losses caused by vibration or concussion, attenuation of structure's foundations, removal or attenuation of abutment (including resulting from excavation work, demolition of structures or individual load bearing constructions), landslide;

**5.1.32. Environmental pollution** – losses caused by leakage, emission, dispersion and spreading of any hard, liquid, gas, thermal irritant, or contaminant, for instance, smoke, steam, soot, foam, acid, alkali, chemical agents and waste (materials, which should be disposed of or which should be recycled to be reused or recycled).

BTA shall not indemnify for loss deriving from observation, control, evaluation, inspection or aversion of environmental contamination or pollution, as well as pollution containing, cleaning, deactivating or environmental remediation works, including damage caused to ecology or biological diversity.

## 6. CONCLUSION OF INSURANCE CONTRACT AND COMING OF INSURANCE TO EFFECT

**6.1.** Insurance Contract shall be concluded based on the insurance offer developed by BTA for the Policyholder and upon agreement with BTA on the Terms and Terms and Condition of the Insurance Contract acceptable by the both parties.

**6.2.** Insurance offer shall be developed based on the Insurance Application.

**6.3.** Upon conclusion of Insurance Contract, BTA shall issue the policy to the Policyholder to acknowledge the conclusion of the Insurance Contract.

**6.4.** Amendments to concluded Insurance Contract shall be formalized upon development of an annex to the Insurance Policy.

**6.5.** Insurance provided for in the Insurance Contract shall come to effect at 00:00 of the first day of the Insurance period indicated in the Insurance Contract, but no sooner than as of the payment of Insurance Premium or the first part of the Insurance Premium (if Insurance premium payment in instalments is provided for in the Insurance Contract) upon occasions, when:

**6.5.1.** The first day of the Insurance period shall be determined as Insurance Premium payment day by the Insurance Contract.

**6.5.2.** Insurance Premium payment day shall be determined prior to the first day of the Insurance period.

**6.6.** If provided for in the Insurance Contract, that Insurance Premium or the first part of the Insurance Premium (if Insurance premium payment in instalments is provided for in the Insurance Contract) shall be paid after the first day of the Insurance period indicated in the Insurance Contract, then insurance shall come to effect at 00:00 of the first day of the Insurance Period upon condition, that the Policyholder shall pay the Insurance Premium or the first part thereof according to the due date and amount indicated in the Insurance Contract.

**6.7.** If the Insurance Premium or the first part thereof is paid after the payment deadline indicated in the Insurance Contract, BTA is entitled to pay the overdue Insurance Premium back to the Policyholder within 10 business days or, in BTA is unaware of the means for the Policyholder to receive the Insurance Premium, to request the information mentioned from the Policyholder. Such being the case, insurance shall be deemed ineffective.

**6.8.** If BTA does not pay back the Insurance Premium or the first part thereof to the Policyholder within the deadline indicated in Article 6.7 of the Terms and Conditions or does not send the request mentioned in Article 6.7 to the Policyholder, insurance shall come to effect upon observance of Articles 6.5 and 6.6.

**6.9.** If Insurance Premium or the first part thereof is paid after the due date for Insurance Premium payment indicated in the Insurance Contract and a prospective Insured Event occurred prior to Insurance Premium payment, insurance did not come to effect. Such being the case, BTA is obliged to inform the Policyholder within 10 business days on the invalidity of insurance and to refund the delayed payment of Insurance Premium to the Policyholder.



- 6.10.** Insurance is in effect until at 24:00 of the last day of the Insurance Period indicated in the Insurance Contract, unless the Insurance Contract is early terminate upon agreement between the Policyholder and BTA or due to other reasons.

## **7. INSURANCE PREMIUM AND PROCEDURE FOR PAYMENT THEREOF**

- 7.1.** Policyholder shall pay the Insurance Premium according to the due date and amount specified in the Insurance Contract.
- 7.2.** Insurance Premium shall be considered paid:
- 7.2.1.** If the Insurance Premium is paid upon payment to BTA – at the moment when BTA receives Insurance Premium payment;
- 7.2.2.** If Insurance Premium is paid upon payment to insurance intermediary, authorized unequivocally by BTA to collect Insurance Premium – at the moment when the Policyholder has paid the respective sum of money to the insurance intermediary.
- 7.3.** If Policyholder fails to pay the Insurance Premium according to due date specified in the Insurance Contract, BTA is entitled to demand and Policyholder is obliged to pay BTA contractual penalty fee of 0.1% of the unpaid sum per each day of delay, however, the total delay percent sum may not exceed 10% of the unpaid Insurance Premium sum.

## **8. INSURANCE CONTRACT TERMINATION**

- 8.1.** Insurance Contract shall be terminated at 24:00 of the last day of the Insurance Period.
- 8.2.** The Policyholder is entitled to terminate the Insurance Contract unilaterally at any time by submitting a notification to BTA 15 calendar days in advance. The Insurance Contract will be terminated on the day indicated in the notification, but no sooner than on the day the notification is received and:
- 8.2.1.** if within the operating time of the Insurance Contract no Insurance Indemnity is paid and no prospective Insured Event is claimed, then BTA shall pay back to Policyholder the part of the paid Insurance Premium per each remaining day of the operating time of the Insurance Contract until the end of the term of the Insurance Contract, upon deduction of BTA expenses of 15% related to conclusion of Insurance Contract from the unused Insurance Premium, i.e. From the part of the Insurance Premium, which complies with the unused operating period of the Insurance Contract, but no more than from the Insurance Premium per one year, unless the parties have agreed otherwise;
- 8.2.2.** if within the operating time of the Insurance Contract Insurance Indemnity is paid and a prospective Insured Event is claimed, then BTA shall pay back to Policyholder the difference, if any, between the sum of the Insurance Premium paid by BTA, which complies with remaining days of the operating time of the Insurance Contract until the end of the term of the Insurance Contract, and the sum of disbursed of Insurance Indemnity, upon deduction of BTA expenses of 15% related to conclusion of Insurance Contract from the unused Insurance Premium, i.e. from the part of the Insurance Premium, which complies with the unused operating period of the Insurance Contract, but no more than from the Insurance Premium per one year, unless the parties have agreed otherwise.
- 8.3.** If an upcoming instalment of Insurance Premium payment is not paid in full within the due date specified in the Insurance Contract, then BTA is entitled to terminate the Insurance Contract upon prior notification thereupon.
- 8.4.** If Unlawful Activity occurred due to malicious intent or gross negligence of the Policyholder or the Insured, then Insurance Contract shall be considered terminated as of the moment Unlawful Activity occurred. Such being the case, BTA shall not disburse the Insurance Indemnity and shall not pay back the paid Insurance Premium.
- 8.5.** Both the Policyholder and BTA are entitled to, upon sending prior notification thereupon, terminate the Insurance Contract after disbursement of Insurance Indemnity. Such being the case, BTA shall pay back to the Policyholder part of the Insurance Premium, the amount of which shall be determined upon deduction from the Insurance Premium the Insurance Indemnity, part of the Insurance Premium on the terminated period of the operating time of the Insurance Contract and BTA expenses of 15% related to conclusion of Insurance Contract from the unused Insurance Premium, i.e. from the part of the Insurance Premium, which

complies with the unused operating period of the Insurance Contract, unless the parties have agreed otherwise.

**8.6.** BTA and the Policyholder without consent by the Insured are entitled to agree upon termination of the Insurance Contract, except for occasions, when:

**8.6.1.** Insurance Contract suggests otherwise;

**8.6.2.** Insured Event occurred and, in the result of Insurance Contract termination, BTA would be exempted from the obligation to disburse the Insurance Indemnity.

**8.7.** Insurance Contract shall be terminated prior to its expiry also in other cases provided for in the "Insurance Contract Law".

## **9. RIGHTS AND LIABILITIES OF THE POLICYHOLDER, THE INSURED AND BTA**

**9.1.** Policyholder and the Insured are hereby obliged to:

**9.1.1.** both prior to Insurance Contract conclusion and throughout the entire Insurance Contract validity period provide BTA with complete and true information in regard with the insurance provided pursuant to the Insurance Contract, including the information on Insurance Object and information, required for assessment of probability of the Insured's third party liability insurance, information on all changes and circumstances, which occurred in the course of operating time of Insurance Contract and might affect the Insured's third party liability insurance, as well as the information related to the Insured Event or a Claim by Third Party.

in case of failure to comply with the above-mentioned obligations, the consequences provided for in the "Insurance Contract Law" shall incur, including deeming the Insurance Contract ineffective, termination of Insurance Contract, reduction or rejection of Insurance Indemnity disbursement;

**9.1.2.** to notify BTA about other effective Insurance Contract referring to the same Insurance Object, known thereto;

**9.1.3.** in the course of operating time of Insurance Contract, to let BTA perform inspection in regard with the Insured economic activities;

**9.1.4.** to store accurate reports on Insured economic activities, upon observance of binding regulatory enactments providing for procedure of storage of accounting and other documents;

**9.2.** The following shall be deemed as obligation of the Policyholder and the Insured upon toleration of an Unlawful Activity or upon occurrence of a prospective Insured Event:

**9.2.1.** immediately, as soon as possible, to submit Notification on losses to BTA:

**9.2.2.** upon coordination with BTA in writing, to undertake all possible reasonable measures in order to avert or reduce the losses incurred or contingent, which might give occasion to Claims by Third Parties. If due to reasons beyond the Policyholder's or the Insured's control it is impossible to notify BTA of the necessity to make immediate payments, which might avert or reduce the losses incurred or contingent, the Policyholder or the Insured has to make immediate payments to avert or reduce the losses incurred or contingent without coordination with BTA;

**9.2.3.** immediately after receipt thereof, to submit to BTA all the documents related to the claim on indemnification for loss received from Third Parties (claims, subpoenas and invitations to appear before the court or participate in the court proceedings, etc.), as well as to submit to BTA all the information available and information requested by BTA, which provides for estimation on the reasons, nature and amounts of the losses incurred;

**9.2.4.** to the extent possible, to provide BTA participation in determination of the reasons and amounts of losses;

**9.2.5.** at the request of BTA, to grant BTA with rights to obtain the documents or copies thereof required by BTA and rights to represent the Policyholder of the Insured in court or other authorities;

**9.2.6.** to participate in the procedural investigative measures and the court proceedings related to a claim by a Third Party against the Insured for the losses incurred resulting from unlawful activity by the Insured. If malicious intent or gross negligence by the Insured was the reason not to participate in procedural investigative activities or legal proceedings, the Insured shall indemnify to BTA for loss caused due to this action or omission.

- 9.3.** BTA may reject disbursement of Insurance Indemnity and terminate the Insurance Contract unilaterally without refunding the Insurance Premium, if the Insured due to malicious intent or gross negligence failed to perform any of the above-mentioned actions. The consequences mentioned in case of failure to act as provided for in Article 9.2.6, if in the result of actions by the Insured it is impossible to clarify completely the circumstances of the accident, which was the basis for a claim by Third Party or to perform the procedural activities required in order to reject the claim by Third Party reasonably.
- 9.4.** Policyholder and the Insured are hereby obliged to provide the information in writing upon request by BTA, i.e., signed personally in hard copy or in the format of an electronic document, signed with a secure electronic signature.
- 9.5.** BTA is entitled to, however is not obliged to take over and to consider and handle any Complaint on behalf of the Insured, or to settle by compromise at any stage of consideration or in any degree of jurisdiction, as well as to file a legal claim and to represent the interest of the Insured in court. BTA enjoys operational autonomy upon selection of the way and the strategy to handle the claim, while the Policyholder and the Insured is obliged to provide BTA with all the information required or help in regard with handling these processes.
- 9.6.** BTA is entitled at any stage of consideration of a Complaint by Third Party to advise the Insured or the person authorized thereby to settle a certain Complaint at a fixed sum of money.
- 9.7.** If BTA concludes an Insurance Contract repeatedly regarding insurance of the same insurance object immediately following the previous insurance contract and, upon conclusion of the renewed Insurance Contract, the Policyholder does not specify that the information on the Insurance Object or the information for assessment of probability of the insured risk occurrence and the prospective amount of loss provided upon conclusion of the first Insurance Contract has changed significantly, BTA enjoys the right to assume that the information provided upon conclusion of the first Insurance Contract has not changed.

## **10. INSURANCE INDEMNITY DISBURSEMENT PROCEDURE**

- 10.1.** To provide BTA with the opportunity to consider a prospective Insurance Claim Case and to disburse the Insurance Indemnity, BTA has to submit the following documents:
  - 10.1.1.** Insurance Indemnity Application completed by the Insured;
  - 10.1.2.** Complaint by Third Party;
  - 10.1.3.** All the documents received from Third Party in regard with the Insured Event;
  - 10.1.4.** Other documents, for instance:
    - a)** documents to justify the liability of the Insured or to acknowledge the Insured not guilty;
    - b)** documents to explain the reason of losses (explanatory notes by the employees of the Insured, etc.);
    - c)** documents to justify the Unlawful Activity by the Insured;
    - d)** documents to record the fact of losses (photo, accident location inspection statements, expert's statement, etc.);
    - e)** documents to justify the amounts of losses and reduction thereof or aversion expenses (estimates, invoices, receipts or other documents to substantiate the amounts of losses or the costs of services).
- 10.2.** Policyholder or the Insured shall provide BTA with all the information and documents requested by BTA, including the documents, containing commercial secret or personal data of special category, should the latter be at the Policyholder's or the Insured's disposal, so that BTA is able to determine the reasons of the possible Insured Event and the amount of losses insured;
- 10.3.** Upon calculation of the amount of Insurance Indemnity, BTA is entitled to reduce it for the unpaid part of Insurance Premium if the Insurance Policy provides for Insurance Premium payment in instalments.
- 10.4.** If upon an Insured Event the losses were incurred to several Third Parties and the amount of losses exceeds the Liability Limit per a single insured event or Sub-limit (if any), BTA shall disburse the Insurance Indemnity according to the sequence of submission of Complaint and the documents justifying the Complaint up to the moment, when the sum of disbursed Insurance Indemnities reaches the Liability Limit per a single insured event or the Sublimit (if any).

- 10.5.** All the Insurance Indemnities related to the Insurance Contract shall be considered by BTA according to the sequence of submission thereof up to the moment when the sum of disbursed Insurance Indemnities reaches the aggregate Liability Limit for the entire insurance period.
- 10.6.** If upon an Insured Event liability of several persons is established, BTA shall disburse the Insurance Indemnity proportionally as by the degree of the Insured's liability.
- 10.7.** If Third Party's losses were indemnified by other persons, who took over Third Party's claim rights against the Insured based on any kind of grounds (for instance, subrogation, cession), BTA shall consider the Insurance Indemnity pursuant to the same procedure as should the Claim be received from the Third Party. Expenses in regard to transfer of Third Party's claim rights shall not be considered indemnifiable losses.
- 10.8.** If third party liability of the Insured is insured by the several insurers, BTA shall disburse the Insurance Indemnity proportionally the Liability Limit defined by the Insurance Contracts per a single insured event or the Sublimit (if any). BTA and other insurers, who insured third party liability of the Insured may agree upon a different procedure of Insurance Indemnity disbursement, if the Third Party agrees therewith.
- 10.9.** If upon an Insured Event third party liability of the Insured is insured by BTA by several Insurance Contracts, which refer to the Insured Event, liability limits defined in Insurance Contracts shall not be accumulative and the amount of Insurance Indemnity disbursed by BTA may not exceed the largest Liability Limit per a single insured event or the largest Sublimit, indicate dint he respective Insurance Policies.
- 10.10.** Liability Limit shall not be reduced by the amount of deductible.
- 10.11.** If Insurance Indemnities disbursed by BTA shall reach the limits specified in section "Liability Limit and deductible", BTA shall reject all reported but yet unsettled insurance claim cases, as well as all new Insurance Claims for the Insured Events that had already occurred. If upon having reached the limits specified in section "Liability Limit and deductible" no annex to Insurance Contract regarding increase of liability limit in accordance with item 3.1 of these terms and Terms and Condition is developed, Insurance Contract shall be considered terminated.
- 10.12.** Insurance Indemnity shall be disbursed to Third Party. If the Insured indemnified the losses to Third Party, then Insurance Indemnity shall be disbursed to the Insured.
- 10.13.** Indemnification for litigation and legal case handling expenses shall be performed as follows:
  - 10.13.1.** These expenses shall be indemnified in case Third Party's claim in regard to Unlawful Activity is met completely or partially and in accordance with terms and conditions of the Insurance Contract Unlawful Activity is acknowledged as an Insured Event.
  - 10.13.2.** In case Third Party's claim was filed to court for indemnification of such losses as well, indemnification of which is not provided for in the Insurance Contract, BTA shall indemnify the Litigation and legal case handling expenses proportionally, composed of part of indemnifiable loss of the Insurance Contract from the total claim met.
  - 10.13.3.** If Third Party does not sustain its claims in regard to the Insured has voluntarily met the claims after the case was filed, then Litigation and legal case handling expenses shall be indemnified only if the Insured prior to decision-making on meeting the claim has coordinated it with BTA.
  - 10.13.4.** In case failure to acknowledge liability on causing loss resulted in initiating litigation and BTA did not disburse the Insurance Indemnity, based solely upon the fact of the liability of the Insured on the losses caused, BTA shall not indemnify Litigation and legal case handling expenses as well upon occasion, if the Insured acknowledged the liability after initiation of litigation or if the court found the Insured liable for causing loss.

## 11. SUBROGATION RIGHTS

- 11.1.** If BTA disbursed Insurance Indemnity, BTA obtains subrogation rights to claim indemnity amounting to the disburse Insurance Indemnity from the person, subjected to claim of complete or partial indemnification for loss by the Insurer pursuant to regulatory enactments, concluded contracts or any other agreement.
- 11.2.** If the Insured did not inform BTA in writing about any other procedure, then including upon occasion when Insurance Indemnity disbursed by BTA covers only part of loss by the Insured, BTA is entitled to exercise of BTA's subrogation rights notwithstanding if the Insured exercises or did not exercise his rights to file a claim against the guilty person. BTA and Policyholder or the Insured may agree in writing upon cooperation within recovery of losses, including bringing the case before the court and pursue thereof together.

## 12. OTHER PROVISIONS

- 12.1.** In case of inconsistencies or disagreement between the documents of Insurance Contract, the documents shall be considered a priority and shall be applied according to the following sequence:
- a)** Annexes to Insurance Policy (if any) to amend the Terms and Condition of Insurance policy – successively depending on the effective date as of the newest to the oldest;
  - b)** Insurance Policy;
  - c)** Terms and Conditions of the current Insurance Cover.
- 12.2.** The Parties undertake not to disclose terms and conditions of the Insurance Contract and the information received in the framework of Insurance Contract on participants of Insurance Contracts or Third Parties, as well as not use it contrary to interests of other participants of Insurance Contracts. Information received in the framework of Insurance Contract may be submitted to other persons upon occasions provided for in the effective regulatory enactments of the Republic of Latvia. BTA is entitled to provide experts and reinsurers with information related to the Insurance Contract, persons engaged by BTA for Insurance Contract performance, as well as to store it in BTA databases.
- 12.3.** All disputes arising between the participants of the Insurance Contract shall be settled by means of negotiations. If no mutual agreement is reached, any dispute, disagreement or claim ensuing from the Insurance Contract that is related to it or its violation, termination or invalidity, shall be finally resolved in a court of the Republic of Latvia in accordance with the procedure set forth in the effective regulatory enactments of the Republic of Latvia, unless BTA and the Policyholder have agreed upon another dispute settlement procedure in the Insurance Contract.
- 12.4.** Policyholder and the Insured have no right to cede any claim rights deriving from Insurance Contract, incl. those already effective or incumbent to third parties.
- 12.5.** Notifications, requests and information related to Insurance Contract BTA, as well as the Policyholder and the Insured shall provide in writing or upon the use of durable medium or means of distant communication, upon the use of which the parties have agreed in the Insurance Contract.
- 12.6.** Upon request by the Policyholder, the Insured or another person, entitled to claim the Insurance Indemnity, BTA shall provide the claimant with its notifications, requests and the information, provided upon the use of website, durable medium or any other means of distant communication, in writing and free of charge.
- 12.7.** Regulatory enactments of the Republic of Latvia shall be enforced upon settlement of contractual relationships deriving from Insurance Contracts.
- 12.8.** BTA as controller of personal data processing shall process personal data of natural persons upon observance of the regulation 2016/679 of 27 April 2016 by the European Parliament and the Council on protection of natural persons in regard to processing personal data and free movement of such data, thus invalidating directive 95/46/EK (General data protection regulation) and requirements to personal data processing provided for in other regulatory enactments.  
Principles of personal data processing performed by BTA are published on BTA website [www.bta.lv](http://www.bta.lv).
- 12.9.** BTA is not entitled to provide insurance and BTA is not obliged to pay the insurance indemnity or provide benefits in accordance with the insurance contract, as long as provision of such insurance, insurance indemnity disbursement or provision of benefits:
- 12.9.1.** subjects BTA to sanctions, restrictions or limitations, established by the resolutions of the United Nations or trade or economic sanctions, regulatory enactments of the European Union, the Republic of Latvia, the United Kingdom or the United States of America (upon condition that it does not violate any regulations or regulatory enactments, applicable to BTA);
  - 12.9.2.** subjects a reinsurance company, the whom the insurance contract is submitted for reinsurance, to sanctions, restrictions or limitations, established in accordance with the regulatory enactments of the reinsurance company's state of registration.
- 12.10.** The Terms and Conditions are published on BTA website [www.bta.lv](http://www.bta.lv).