



# BUSINESS INTERRUPTION INSURANCE

Terms and conditions No. 1602.01  
Effective from 27.01.2025

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In accordance with these terms and conditions, AAS "BTA Baltic Insurance Company" (BTA) concludes insurance contracts with Policyholders for business interruption insurance.

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## EXPLANATION OF TERMS

**Property** – property used for the performance of economic activity and insured in accordance with the terms of commercial property insurance.

**Net profit** – Insured net profit from economic activity through the use of property.

**Rental income** – The insured person's income from the rental or letting of property under valid contracts.

**Additional costs** – costs of the Insured person, which help to restore the insured person's economic activity faster and more efficiently (for example, equipment rental, advertising expenses, removal expenses).

**Fixed costs** – The insured person's costs, which do not depend on the volume of production, sale or provision of services of products.

**Indemnification period** – the maximum period specified in the insurance contract for which the BTA reimburses losses incurred as a result of the cessation of economic activity, if an insured event occurs.

### 2. OBJECT OF INSURANCE

- 2.1. Object of insurance – financial losses as a result of the cessation of economic activity.
- 2.2. The object of insurance can be:
  - a) Net profit;
  - b) Rental income;
  - c) Fixed costs;
  - d) Additional costs.
- 2.3. Only the object or objects of insurance indicated in the concluded Insurance contract are insured.
- 2.4. Net Profit, Fixed Costs and Additional Costs are reimbursed if Net Profit, Fixed Costs and Additional Costs in the future are legally and economically justified.

### 3. SUM INSURED – LIMIT FOR COMPENSATION OF LOSSES

- 3.1. The Sum insured – the limit for compensation of losses is determined by the Policyholder. Sum insured – the limit on compensation of losses is determined based on the financial forecasts regarding the insurance period.
- 3.2. The object of insurance is insured on the principle of first order of compensation for damages. BTA reimburses losses incurred due to the insured event, not exceeding the sum insured – the limit for compensation of losses specified in the insurance contract. In this case, the principle of underinsurance shall not apply.
- 3.3. After disbursement of the insurance indemnity, the sum insured – the limit of compensation for damages does not change if the insurance indemnity paid does not exceed 20% of the sum insured.
- 3.4. If the insurance indemnity disbursed exceeds 20% of the sum insured – the limit for compensation of losses, this limit shall decrease by the insurance indemnity disbursed. In order to restore the sum insured – the limit of compensation losses in the initial amount:
  - amendments must be made to the insurance contract;
  - the policyholder must pay an additional insurance premium to BTA.

#### 4. INDEMNIFICATION PERIOD

- 4.1.** The Indemnification period begins at the moment of occurrence of the insured risk in accordance with the terms of the commercial property insurance and ends when the Property is fully restored, and the Insured can resume economic activity.
- 4.2.** If the interruption of economic activity is longer than the Indemnification period specified in the insurance contract, BTA pays the insurance indemnity only for the Indemnification Period specified in the insurance contract.

#### 5. EXCEPTIONS

- 5.1.** Not insured and not reimbursed are:
- a)** expenditure on raw materials, semi-finished products, equipment and goods;
  - b)** taxes, the amount of which depends on the results of the company's activities (for example, income tax);
  - c)** expenses and profits that are not directly related to the insured economic activity in the Property (for example, income from interest);
  - d)** such expenses for delays in the resumption of economic activity that have arisen due to the requirements imposed by the State or local governments;
  - e)** expenses related to the cost of licenses and copyrights;
  - f)** variable costs, costs of the Insured, which are directly related to the production, sale or provision of services and depend on the volume of production, sales or services of the product;
  - g)** depreciation deductions;
  - h)** losses related to fines, any penalties, contractual penalties due to non-compliance with the contractual obligations or financial obligations of the Insured person.
  - i)** losses related to the inability of cooperation partners to fulfil contractual obligations.
- 5.2.** The insurance indemnity shall not be disbursed if the Insured does not have the necessary funds for the purchase of property or repair of the Property and the restoration of economic activity is delayed.
- 5.3.** The insurance indemnity shall not be paid if the Insured person does not renew the Property or resume economic activity.

#### 6. INSURED EVENT AND INDEMNITY

- 6.1.** An insured event is the cessation of economic activity in connection with the damage or total loss of the property as a result of an accident that has been recognized as an insured event by BTA in accordance with the terms and conditions of commercial property insurance when making a decision on the payment of insurance indemnity.
- 6.2.** The insurance indemnity for the interruption of business activity shall be calculated by determining the amount of loss to be compensated, minus the deductible specified in the insurance contract.
- a)** The amount of reimbursable loss is calculated on the basis of the financial results that the Insured would have had during the Indemnification Period, if the insured event had not occurred, in the following order for the Insurance objects insured under the insurance contract:
    - The difference between the expected Net Profit is determined if the insured event had not occurred and the net profit obtained after the occurrence of the insured event;
    - Fixed costs are calculated if they are necessary to restore business activity in the Property;
    - The lost Rental Income is calculated in accordance with the existing lease/rental agreements at the moment of occurrence of the insured event.
    - Are calculated Additional costs, which are necessary and directly related to the restoration of economic activity in the Property.
  - b)** If the Insured has worked at a loss before the occurrence of the insured event, then the insurance indemnity is calculated only for Fixed Costs and Additional Costs, if it is insured.
  - c)** When calculating insurance indemnity, economic trends in the market and in the sector of the relevant business activity, as well as seasonality of commercial activity shall be taken into account. The increase in net profit is not taken into account, which cannot be clearly proven.
  - d)** If the insurance indemnity for a property insurance event is reduced in accordance with the terms and conditions of commercial property insurance, BTA shall also reduce the insurance indemnity in the event

of the interruption of the business activity.

- 6.3.** If the deductible is fixed in terms of time (days), no compensation is paid for the loss of interruption of the business activity incurred during this period.
- 6.4.** If the deductible is determined in the form of a sum of money, it is deducted from the amount of loss to be compensated.

## **7. OTHER CONDITIONS**

- 7.1.** All issues not included in these terms and conditions shall be resolved in accordance with the Commercial Property Insurance terms and conditions and the applicable laws and regulations of the Republic of Latvia.