

GENERAL TERMS AND CONDITIONS OF PROPERTY INSURANCE V100/2011



Effective as of 01.01.2011

(Unofficial translation. In case of a dispute refer to commercial insurance terms and conditions in Estonian – V100/2011)

This document is part of the insurance contract entered into by the AB "Lietuvos draudimas" Estonia Branch (hereinafter PZU), where the object of insurance is property used in entrepreneurship. In any matters not regulated hereunder, the parties to the insurance contract shall be governed by the Law of Obligations Act and other legislation.

1. Object of Insurance

1.1. The object of insurance shall be the property specified in the insurance contract.

Such property may be the following:

- a) building, structure and interior;
 - b) inventory and equipment (incl. machinery);
 - c) goods (incl. materials, raw-material, semi-finished goods and finished goods);
 - d) any other property specified in the insurance contract.
- 1.2.** The definition of building is based on the Building Act. A building is a construction work which has a roof, interior space(s) and envelope structure.
- 1.2.1.** Together with the building, its main structures, interior and exterior finishing, built-in furniture, internal power, gas, heating, water supply, sewerage, ventilation, cooling and fire extinguishing systems, communication and alarm systems, elevators and escalators as well as any other stationary engineering structures supplementing the function of the building are insured.
- 1.2.2.** Also, any stationary, externally installed public utility lines, such as gas, oil, heating, water supply, sewerage and steam pipes and power cables of the building up to the boundary of the registered immovable but no farther than up to the general connection point (supply point) are insured together with the building.
- 1.2.3.** Together with the building, antennas, terrace blinds, surveillance cameras, lighting fixtures, advertising signs, illuminated signs, etc. which are the property of the policyholder and which are installed on the exterior sides of the building, as well as the structures, such as lighting fixtures, advertising posts and boards, flag poles, barriers, sheds with the area of up to 20m², etc., belonging to the building and located in the territory of the insured person, are also insured for a total amount of up to EUR 10,000.
- 1.3.** The definition of structure is based on the Building Act. A structure is any construction work other than a building. Structures are, for example, lighting fixtures, advertising posts and boards, flag poles, barriers, sheds, etc.
- 1.4.** Interior is the part of a building at the disposal of the possessor of the interior space(s) of the building, removal of which does not damage the stability or exterior appearance of the building, parts of the building in the adjacent interior spaces or the rights of the possessor of the adjacent interior spaces. Interior is primarily a non-bearing partition, floor, suspended ceiling, wall and floor covering material, stationary glass structures installed during construction works, built-in furniture, interior space(s) finishing material, doors and windows, sanitary ware, parts of power, gas, heating, water supply, sewerage, ventilation, cooling, fire extinguishing, communication and alarm systems, on which the possessor of the insured interior space(s) only is

- dependent. Interior is treated as part of the building.
- 1.5.** Inventory and equipment (incl. machinery) are tangible assets located in the insurance location specified in the insurance contract. Inventory and equipment may be insured on the basis of the list of objects of insurance or without the list.
- 1.5.1.** If inventory and equipment are insured on the basis of the list of objects of insurance, the object of insurance is deemed a tangible asset entered in the list and located in the insurance location, with the exception of the building, goods and assets listed in clause 1.7. The object of insurance is also an object not specified in the list, which is acquired during the period of insurance, but it is insured only to the extent of 10% of the sum insured of the objects entered in the list, and for the maximum amount of EUR 10,000.
- 1.5.2.** If inventory and equipment are insured without the list of objects of insurance, the object of insurance is deemed to be all tangible assets (fixed assets and supplies) located in the insurance location, with the exception of the building, goods and assets listed in clause 1.7. The object of insurance is also inventory and equipment acquired during the period of insurance.
- 1.6.** Goods (incl. materials, raw-material, semi-finished goods, and finished goods) are tangible assets located in the insurance location specified in the insurance contract.
- 1.7.** Unless otherwise specified in the insurance contract, cash, securities, bonds, documents, plans, drawings, archives, information and software in the data processing system or on data medium, motor vehicles, aircraft and watercraft subject to registration, weapons, ammunition, explosives, samples, models, exhibition exhibits, objects of antique or artistic value, objects made of precious metals and materials, living beings or plants are not deemed to be the objects of insurance.

2. Insurance location

- 2.1.** The insurance location is (are) the building(s), interior space(s) of the building and/or structure(s) located at the address specified in the insurance contract. The insurance contract shall only apply to the insured event occurring in the insurance location specified in the insurance contract.
- 2.2.** Fire, storm, flood and all risks insurance cover shall also apply to the movable property constituting the object of insurance in the territory of the insured person at the address specified in the insurance contract, if it is prescribed that the said movable property is intended for outdoor use.

3. Insured Event

- 3.1.** The insured event is an unexpected and unforeseeable event with respect to the policyholder and the insured person, during which the object of insurance is damaged, destructed or lost in the insurance location during the term of the insurance cover. Upon the occurrence of the insured event, the insurer shall have an obligation to compensate for damage.

- 3.2.** Insured events are the following:
- fire;
 - water accident;
 - burglary;
 - vandalism;
 - storm;
 - flood;
 - all risks insurance;
 - breaking of advertising structure.
- 3.3.** Fire
- 3.3.1. In case of a fire, damage caused to the object of insurance shall be compensated for if such damage has been caused by:
- fire;
 - direct hit of the lightning strike;
 - overvoltage caused by lightning strike;
 - explosion, incl. explosion of an explosive device;
 - fall of a piloted aircraft, parts or load thereof.
- 3.3.2. Fire means only open fire started outside the prescribed place or broken out of the prescribed place and spreading on its own.
- 3.3.3. A direct hit of a lightning strike is direct contact of the lightning channel with the object of insurance.
- 3.3.4. Overvoltage damage caused by lightning strike shall be compensated for to the extent of EUR 50,000.
- 3.3.5. An explosion is a force occurring momentarily in the expansion of gas or vapour. An explosion of a vessel (boiler, tube, etc.) is only when the wall of a vessel is broken to the extent that there is a rapid levelling of pressure differences inside and outside the vessel. If the explosion occurs inside the vessel due to a chemical reaction, the damage shall also be compensated for if the wall of the vessel has not broken.
- 3.3.6. In case of a fire, the following shall not be compensated for:
- damage occurring when treating the object of insurance with open flame or heat;
 - damage occurring due to an explosion in the combustion chamber of a machine with an internal combustion engine;
 - damage occurring due to influence of electric current on electrical installation or electrical device (incl. overvoltage, overload, insulation failure such as short circuit, insufficient contact and failure of or damage to metering, inspection or safety devices);
 - damage caused by under pressure;
 - damage caused by blasting works.
- 3.3.7. If any event specified in clause 3.3.6 causes a fire, the damage caused thereby shall be compensated for.
- 3.4.** Water Accident
- 3.4.1. In case of a water accident, damage caused to the object of insurance shall be compensated for if such damage has been caused by:
- water, wastewater or any other liquid or vapour escaped from the in-house water supply, sewerage, heating or cooling system or parts thereof;
 - water or wastewater escaped from the in-house rainwater discharge pipeline or any part thereof;
 - leakage or unreasonable engagement of a sprinkler system or other extinguishing system;
 - water flowing from an aquarium.
- 3.4.2. In addition, repair costs of the technical system and pipeline of the building causing the water accident shall be compensated for to the extent of EUR 1,000. Costs related to the elimination of frost damage caused to the in-house water supply, sewerage, heating system, rain water discharge pipeline or sprinkler system or other extinguishing system or any parts thereof shall also be compensated for.
- 3.4.3. In case of a water accident, the following shall not be compensated for:
- damage caused by a long-term process, e.g. decay, moulding, corrosion, rust, etc.;
 - damage caused by excess humidity, condensate, water used in cleaning;
 - damage directly or indirectly caused by water or wastewater penetrating the building through the sewerage system due to natural events;
 - damage caused by construction or repair works performed in the insurance location;
 - costs of the escaped water or any other liquid.
- 3.5.** Burglary
- 3.5.1. In case of a burglary, damage caused to the object of insurance shall be compensated for if such damage has been caused by:
- burglary, i.e. theft of assets by breaking in;
 - robbery;
 - vandalism in the course of burglary or robbery.
- 3.5.2. Burglary is an intrusion into an appropriately closed building or a room in the insurance location closed through a door, window, wall, roof, etc., using a false key, picklock or any other mechanical aid or a key obtained by illegal means for eliminating a barrier or lock hindering access to the location of assets.
- 3.5.3. Robbery is an act of seizing the object of insurance by using physical violence or by direct threat thereof.
- 3.5.4. Vandalism is damage to or destruction of the object of insurance by a third person. Damage caused by vandalism shall only be compensated for if it occurred during burglary or robbery.
- 3.5.5. In addition, the costs required for the recovery of enclosure structures of the building or parts thereof destroyed or damaged in the course of a burglary or robbery or an attempt thereof shall be compensated for. The costs of the exchange of locks and acquisition of new locks shall also be compensated for if the policyholder or a person authorised by him or her has been deprived of the key or the lock opening code during burglary or robbery.
- 3.5.6. Damage occurred due to the abetment in burglary or robbery of a person working for the policyholder or a person having a common household with the policyholder is not compensated for in case of a burglary, unless the damage occurred during the time when the insurance location was closed and locked for such persons.
- 3.6.** Vandalism
- 3.6.1. In case of vandalism, damage caused to the object of insurance shall be compensated for if such damage has been caused by:
- damage to or destruction of property by a third person;
 - collision with a land vehicle if it is not compensated for pursuant to the Motor Third Party Liability Insurance Act.
- 3.6.2. Damage arising from breaking a glass surface of the building constituting the object of insurance shall also be compensated for. The costs of recovery of an advertising script, decoration, painting etc., on the broken glass surface shall also be compensated for in a total of up to EUR 1,000. A glass surface placed in a frame or permanently assembled has insurance cover. Plastic material (incl. acrylic plastic, polycarbonate) used instead of glass shall be equivalent to a glass surface.
- 3.6.3. Damage caused by the theft of exterior parts of the building constituting the object of insurance shall also be compensated for.
- 3.6.4. In case of vandalism, the following shall not be compensated for:
- damage caused by the theft of movable property or part thereof;
 - damage caused by the explosion of an explosive device;
 - damage caused by arson;
 - damage caused by a collision of a land vehicle with another vehicle;
 - damage to a glass surface caused by scratches, wear, smear, decreased transparency, poor quality, installation failure, etc., of glass, as well as damage caused during the construction or repair works or treatment, incl. repainting, of glass surface.
- 3.7.** Storm
- 3.7.1. In case of a storm, damage caused to the object of

insurance shall be compensated for if such damage has been caused by:

- a) storm;
- b) hail;
- c) tree or any other item fallen onto the object of insurance due to storm.

3.7.2. A storm is wind with a speed of at least 18 meters per second. If it is impossible to determine the wind speed, the storm is deemed as being wind that has caused damage to the buildings or items in perfect condition located in the surroundings of the insurance location. Storm damage is also deemed as being such damage to the object of insurance that could only occur in consequence of a storm.

3.7.3. In case of a storm, the following shall not be compensated for:

- a) damage directly or indirectly caused by flood, incl. a flood caused by storm;
- b) damage caused by precipitation penetrating into the building through unclosed openings or structures, unless the openings have emerged due to the circumstances listed in clause 3.7.1.;
- c) damage to buildings under construction and property therein.

3.8. Flood

3.8.1. In case of a flood, damage caused to the object of insurance shall be compensated for if such damage has been caused by:

- a) storm;
- b) precipitation;
- c) flood of a body of water.

3.8.2. A flood is only a natural flood caused by storm, precipitation or flood of a body of water. A natural flood is an extraordinary rise of water level, which causes an unusual amount of water that the ground and drainage system built according to the design documentation (incl. drainage and sewerage system) are unable to accept.

3.8.3. In case of a flood, the following shall not be compensated for:

- a) damage caused by the breakage or freezing of a water supply, sewerage, heating system, rain water discharge pipeline or sprinkler system or any other extinguishing system;
- b) damage caused by the breakage of a dam or any other protective facility;
- c) damage to buildings under construction and property therein.

3.9. All Risks Insurance

3.9.1. In case of all risks insurance, damage caused to the object of insurance by an unexpected or unforeseeable event and not specified in clauses 3.3 to 3.8 shall be compensated for.

3.9.2. In case of all risks insurance, the following shall not be compensated for:

- a) damage or costs specified in clauses 3.3.6, 3.4.3, 3.5.6, 3.6.4, 3.7.3, 3.8.3, 5.3 and 6;
- b) damage caused to a machine or electronic or any other equipment unless such damage has been caused due to an outside impact. Errors in use are not considered an outside impact;
- c) damage caused to a machine or electronic or any other equipment which has not been fully installed or assembled or which has not passed a test operation successfully;
- d) damage caused to an information technology device, other programmable electronic device, its data carrier, data or program due to a faulty program or the operation thereof, failure of a device, erroneous entry of data or damage to or loss of data due to the impact of a magnetic field;
- e) damage caused by the downtime of an information technology device, electrical engineering data processing system, processor-controlled device or machine, change, deletion or theft of data, intentional damage of data and/or software, incl. upon using illegal access,

computer virus or non-compatibility or overloading of data and/or software;

- f) damage caused by an initially existing defect, internal failure, latent defect, gradual deterioration of qualities, wear, ageing, fatigue of material or a change in temperature, colour, taste, smell, texture or finishing qualities;
- g) damage caused by corrosion, erosion, rust, wet or dry rot, shrinking, evaporation, loss of weight, humidity, dryness, spoilage, scratching or any other similar phenomenon;
- h) damage caused by microorganisms (fungi, dry rot, etc.), animals, birds, plants, pests or insects;
- i) damage caused by a defect in structure, material, design, installation, assembly or manufacture, unsuitable or defective material or product, work of substandard quality, invalid or insufficient work standard or method or failure to act by the policyholder or a person working for the policyholder;
- j) damage caused by the reason that the building is subsiding, cracking, shrinking or expanding;
- k) damage caused by repair, tuning, maintenance or reconstruction;
- l) maintenance, adjustment and technical inspection costs of the object of insurance as well costs of a part of equipment replaced during maintenance or repairs;
- m) damage caused by interruptions or disturbances in water, gas, steam or power supply and/or operation of any other source of energy;
- n) damage to goods due to the functional failure of an air conditioning, heating or cooling system;
- o) damage to goods or material caused as a result of treatment, testing or other forms of handling thereof;
- p) damage to movable property located outside the building or in an open building caused by wind, rain, snow, frost, flood or any other natural phenomenon as well as sand or dust, if such property is not intended for outdoor use;
- q) damage caused by loss, unexplainable deficit or deficit appeared during the inventory check, or saving or placing data in a wrong location;
- r) damage directly or indirectly caused by flood, incl. a flood caused due to a storm or a change in the groundwater level;
- s) damage caused by contamination or pollution, e.g. due to poison, soot, sediment, dust etc., unless the cause of contamination or pollution is any event specified in clauses 3.3-3.8;
- t) damage for which a third person is responsible on the basis of a contract or law, incl. as a guarantor;
- u) damage occurred due to the specific character of the object of insurance;
- v) damage to buildings under construction and property therein.

3.10. Breaking of Advertising Structure

3.10.1. In case of breaking of an advertising structure, the damage to the insured advertising structure that has been caused by an unexpected or unforeseeable event shall be compensated for. An advertising structure placed in a frame or permanently assembled has insurance cover.

3.10.2. Upon breaking an advertising structure, the following shall not be compensated for:

- a) damage caused by wear, smear, tear, etc.;
- b) damage caused by a defect of structure, material, manufacture or installation;
- c) damage caused by an electrical or mechanical failure;
- d) damage caused by the relocation of the advertising structure;
- e) damage caused to the advertising structure due to construction or repair works.

4. Insured Risk and Increase in Probability of Insured Risk

4.1. Insured risk is a hazard against which insurance is provided.

- 4.2.** The policyholder shall immediately notify PZU of an increase in the probability of the insured risk, unless such increase in the probability of the insured risk is caused by circumstances which are common knowledge and which do not affect the insured risk of this policyholder alone.
- 4.3.** After entry into the contract, the policyholder shall not increase the probability of the insured risk without the consent of PZU or allow the risk to be increased by persons for whom the policyholder is responsible.
- 4.4.** Should the policyholder breach the notification obligation or the obligation to avoid increase in the insured risk, PZU shall be released from the obligation to perform the insurance contract if the insured event occurs a month after PZU should have received the notice, unless PZU knew or should have known about the increase in the probability of the insured risk at the time they should have received the notice.
- 4.5.** Circumstances which increase the likelihood of the insured event taking place or the amount of damage which could be caused shall be considered to be circumstances that increase insured risks. The policyholder may not increase the insured risk without PZU's consent.
- 4.6.** Significant circumstances increasing the insured risk are primarily deemed as being the circumstances about which PZU shall ask information from the policyholder before entering into the insurance contract. Failure to perform a special condition, supplementary condition, safety requirement or agreement pertaining to the insured risk specified in the insurance contract is also a significant circumstance influencing the insured risk.
- 4.7.** During the insurance period, PZU shall be entitled to inspect the object of insurance. In the event of an increase in the insured risk, they shall be entitled to request that the policyholder take additional security measures and/or to increase insurance premiums. The foregoing shall not exclude the right of PZU to cancel the insurance contract.

5. Compensated Costs

- 5.1.** In addition to material damage occurred as a result of the insured event, the substantiated costs below shall be compensated for to the extent of up to 10% from the sum insured of the object of insurance and in the maximum amount of EUR 100,000. The said costs shall also be compensated if the total amount of material damage and listed costs exceed the sum insured.
- 5.2.** PZU shall compensate for the following:
- 5.2.1.** costs of preventing or minimising damage occurred in case of the insured event, even if these have not produced the desired result;
- 5.2.2.** costs necessary for demolition and cleaning works and refuse collection performed as a consequence of the insured event;
- 5.2.3.** Costs occurred in consequence of the insured event, which arise from the requirements and precepts of the relevant authorities upon restoring the object of insurance.
- 5.3.** PZU shall not compensate for the following:
- 5.3.1.** costs arising from the requirements and precepts of the authorities prior to the insured event;
- 5.3.2.** costs of elimination of environmental contamination;
- 5.3.3.** costs incurred by the state and local government authorities, incl. the Rescue Board.

6. Exclusions

- PZU shall not compensate for the damage or costs directly or indirectly caused by:
- 6.1.** act of war, act of terrorism, mutiny, riot, strike, rebellion, revolution, coup d'état, state of emergency, expropriation, confiscation or any other similar event;
- 6.2.** use of nuclear power for any purpose or loss of control over the same, radioactive radiation and radioactive contamination;

- 6.3.** blasting or mining operations;
- 6.4.** landslide or earthquake.

7. Sum Insured and Insured Value

- 7.1.** The sum insured is the largest amount paid per insured event. However, if the total amount of material damage and costs specified in clause 5.2 exceed the sum insured, in addition to the sum insured, the costs listed in clause 5.2 shall be compensated for, considering the limits established in clause 5.1. The sum insured shall not decrease upon the payment of the insurance indemnity.
- 7.2.** Insured value is the value of insurable interest at the time the insured event occurs. The policyholder undertakes to notify PZU of the true insured value.
- 7.3.** Insured value of a building is the reinstatement value or residual value.
- 7.3.1.** The reinstatement value means the expenses incurred for the restoration of a similar building.
- 7.3.2.** The residual value means the reinstatement value that has been decreased by the depreciation of the building. The residual value is the insured value if the depreciation of the building is over 50% or if the residual value is specified as the insured value in the insurance contract.
- 7.4.** The reacquisition value or market value is the insured value of inventory and equipment.
- 7.4.1.** The reacquisition value means the expenses incurred for the reacquisition of the new equivalent property (with the same technical specifications).
- 7.4.2.** The market value means the expenses incurred upon the reacquisition of the equivalent property (with the same technical specifications). The market value is the insured value if the value of the property is less than 50% of the reacquisition value of the property or if the market value is determined as the insured value in the insurance contract.
- 7.5.** The insured value of goods is the reacquisition value thereof, which means the expenses incurred upon reacquisition of new equivalent goods (with the same qualities and technical specifications).

8. Limit of Indemnity and First Risk Insurance

- 8.1.** The limit of indemnity is the maximum limit of insurance indemnity agreed in the insurance contract. It is the largest amount to be disbursed per insured event in case of which the terms and conditions regarding underinsurance shall remain valid. Insurance under the limit of indemnity shall only be agreed if the respective notation has been made in the insurance contract.
- 8.2.** The first risk insurance is the maximum limit of insurance indemnity agreed with respect to the object of insurance. It is the largest amount to be disbursed per insured event in case of which the terms and conditions regarding underinsurance shall not apply. The first risk insurance shall only be agreed if the respective notation has been made in the insurance contract.

9. Underinsurance, Overinsurance and Multiple Insurance

- 9.1.** Underinsurance is a situation where the sum insured of the object of insurance is smaller than its insured value.
- 9.2.** Overinsurance is a situation where the sum insured or the agreed maximum limit of insurance indemnity exceeds the insured value of the object of insurance.
- 9.3.** Underinsurance and overinsurance shall be established separately for each object of insurance.
- 9.4.** Multiple insurance is a situation where the object of insurance is either partially or fully insured against the same insured risk or with several insurers and the total amount of indemnities to be disbursed by the insurers exceeds the size of the damage or the total sum insured exceeds the insured value. In case of multiple insurance, the insurers shall be liable as solidary obligors.

10. Obligations of Policyholder

- 10.1.** The persons with whom the policyholder has a common household, persons working for the policyholder, legal possessors of the object of insurance or persons who use the object of insurance at the consent of the owner or a legal possessor are considered equal to the policyholder. The contractual obligations of the policyholder shall also apply to the persons considered equal to the policyholder.
- 10.2.** The policyholder shall:
- 10.2.1. comply with the current laws of the Republic of Estonia, user manuals of the equipment manufacturers, safety requirements specified in the insurance contract as well as special and supplementary terms and conditions;
- 10.2.2. explain the obligations arising from the insurance contract to the persons who are considered equal to the policyholder;
- 10.2.3. enable the representative of PZU to examine the insurance location, the objects to be insured and the documents necessary for entering into the insurance contract;
- 10.2.4. submit complete and correct information for the assessment of the insured risk and upon entering into the insurance contract notify of all significant circumstances known to it, which influence the decision of PZU to enter into the insurance contract or to do the same on the agreed terms and conditions;
- 10.2.5. immediately notify PZU of an increase in the probability of insured risk (e.g. upon changes in comparison with what has been specified in the insurance contract);
- 10.2.6. do everything in its power to prevent the insured event and to minimise the possible damage, avoid the increase in the probability of insured risk and prevent the persons who are considered equal to the policyholder from doing so;
- 10.2.7. immediately notify of the occurrence of multiple insurance;
- 10.2.8. immediately notify of the transfer of the object of insurance.
- 10.3.** Upon the occurrence of the insured event, the policyholder shall:
- 10.3.1. take immediate measures to save the object of insurance, prevent the increase of damage and minimise the damage;
- 10.3.2. immediately notify the following institutions of the incident:
- a) the police if the activities of a third person are suspected;
- b) local rescue board if it is a fire or an explosion of an explosive device;
- c) in other cases, a relevant authority or person;
- 10.3.3. notify PZU of the insured event personally or through a representative as soon as possible after having learned of the insured event. If the exact time of the occurrence of the insured event cannot be determined, the insured event shall be deemed to have occurred at the moment when the policyholder or a person considered equal to the policyholder should have learned about it;
- 10.3.4. if possible, keep the place of occurrence of the insured event intact until the orders of PZU arrive;
- 10.3.5. comply with the instructions received from PZU.
- 10.4.** The policyholder shall deliver the damaged property in the state after the insured event or its remnants to PZU for investigation. The policyholder may not start restoring the damaged property or utilising the destroyed property without the consent of PZU.
- 10.5.** The policyholder shall submit all the information to PZU required for the determination of the contractual obligations of PZU, incl. all the documents on the cause of the occurrence of damage and the size of damage, and authorise PZU to obtain necessary information and documents.
- 10.6.** In case of recovering a stolen or robbed object of insurance or learning its location, the policyholder shall immediately notify PZU thereof in writing or in a format which can be reproduced in writing.

10.7. If a third person compensates for damage, the policyholder shall immediately notify PZU thereof.

10.8. The list of above obligations of the policyholder is not complete. Other obligations may be contained in other clauses of these terms and conditions and other documents of the insurance contract.

11. Safety Requirements

- 11.1.** The policyholder and persons considered equal thereto shall comply with the safety requirements arising from the current laws of the Republic of Estonia, user manuals of the equipment manufacturers and the insurance contract.
- 11.2.** The fire safety requirements governed by legislation, which are, for instance, provided for in the "General Requirements for Fire Safety," "Requirements for Basic Fire Extinguishing Equipment and Necessity Thereof" and "Fire Safety Requirements for Work Involving an Open Flame" documents shall be primarily complied with.
- 11.3.** An automated fire alarm system shall be in working order, switched on 24 hrs a day and designed, installed and regularly maintained according to current laws.
- 11.4.** An automated fire extinguishing system shall be in working order and designed, installed and regularly maintained according to current laws.
- 11.5.** Upon leaving a building or a room, all doors, windows, hatches and other openings of the building or the room of the insurance location shall be closed and locked so that it would be impossible to enter the insurance location without breaking or removing a barrier or lock hindering access to the location of property. Keys or access codes shall be used in the manner that they would not fall into the possession of third persons. Upon losing the key or code or upon falling thereof into illegal possession, the policyholder shall immediately change the lock or code.
- 11.6.** An automated security alarm system shall be in working order and regularly maintained and, in case of danger, it shall activate and ensure the transmission of the alarm signal. In case of the activation of the security alarm system and receipt of the alarm signal, the policyholder shall undertake to ensure that an employee of the security company or a representative of the policyholder is able to inspect the insurance location both from the inside and outside. All the property insured against the risk of burglary shall be located within the working area of the sensors of the security alarm system. Warehousing, engineering solutions, placement of furniture, etc., may not reduce the working area or sensibility of the sensors. Upon installation of sensors, it shall be taken into account that breaking in the building or a room located therein may occur through a door, window, wall, floor, ceiling or roof. Upon leaving the building or room, the automated security alarm system should be switched to the alarm status. Codes of the security alarm system should not become known to third persons, therefore, the control panel of the security alarm system must be installed in the manner preventing third persons from seeing the entry of the code.
- 11.7.** Water supply, sewerage, heating and cooling systems of the building shall be regularly maintained and protected against freezing. Water supply, sewerage, heating and cooling systems located in buildings or parts thereof with inadequate heating shall be closed, emptied and kept empty during the period they are not used or during a cold season.
- 11.8.** Goods in rooms that are below ground level shall not be stored lower than 12 cm from the floor area.

12. Obligations of PZU

- PZU shall:
- 12.1.** before entering into an insurance contract familiarise the policyholder with the documents related to the insurance contract;

- 12.2. keep confidential the data that has come to its knowledge in connection with the insurance contract;
- 12.3. immediately start handling the insured event after receiving the notice of claim from the policyholder and ascertain the size of the damage to be compensated for;
- 12.4. register the notice of claim and familiarise the policyholder with the insured event adjustment and procedure of compensation for damage;
- 12.5. inform the policyholder of the documents required for determining the cause and size of the damage sustained in consequence of the insured event as soon as possible;
- 12.6. decide on the compensation of damage or refusal to do the same within 10 business days, at the latest, from the receipt of all the required documents and determination of the size of damage and circumstances of occurrence thereof. In case of an instituted criminal proceeding, PZU is entitled to postpone the adoption of the decision until charges have been brought against the respective person, the criminal proceeding is terminated or the decision on the suspension thereof has been received by PZU.

13. Insurance Indemnity and Ways of Compensation

- 13.1. Insurance indemnity is an amount of money to be disbursed to compensate for the material damage occurred in consequence of the insured event and costs agreed in the insurance contract.
- 13.2. The size of insurance indemnity for one insured event is limited to the sum insured or the maximum limit of insurance indemnity agreed in the insurance contract. However, if the total amount of material damage and costs specified in clause 5.2 exceed the sum insured, in addition to the sum insured, the costs listed in clause 5.2 shall also be compensated for, considering thereby the limits established in clause 5.1.
- 13.3. The ways of compensation shall be monetary compensation and compensation for the costs of the reinstatement, reacquisition or replacement of a damaged object with an equivalent. The way of compensation shall be determined by PZU.

14. Deductible

The deductible is a part of damage designated in the insurance contract in case of each insured event. The amount of the deductible shall always be incurred by the policyholder and not subject to compensation by PZU. Hüvitamise kord

15. Compensation Procedure

- 15.1. Upon the insured event, PZU shall compensate for the material damage occurred and the costs agreed in the insurance contract. The insured value directly prior to the occurrence of the insured event of the object of insurance damaged, destroyed or lost as a result of the insured event shall be taken as the basis when calculating the insurance indemnity.
- 15.2. The amount of damage shall consist of the amount required for compensating the costs of recovery or reacquisition of the object of insurance damaged, destroyed or lost in consequence of the insured event and the costs specified in clause 5.2, considering thereby the limits established in clause 5.1.
- 15.3. If the insured value of the object of insurance is the residual value (or market value), the amount of damage shall be reduced pro rata to the ratio of the residual value (or market value) to the reinstatement value (or reacquisition value).
- 15.4. In case of underinsurance, PZU shall compensate for the amount of damage pro rata to the ratio of the sum insured to the insured value. If the sum insured does not differ from the insured value more than 10%, the underinsurance shall not be applied.

- 15.5. In case of overinsurance, PZU shall compensate the amount of damage up to the insured value.
- 15.6. In case of insurance with a limit of indemnity, PZU shall compensate for the amount of damage up to the agreed maximum limit of insurance indemnity; the terms and conditions related to the underinsurance shall remain valid.
- 15.7. In case of the first risk insurance, PZU shall compensate for the amount of damage up to the agreed maximum limit of insurance indemnity; the terms and conditions related to the underinsurance shall not be applied.
- 15.8. If the insured value is a reinstatement value (or reacquisition value), the beneficiary shall be entitled to the portion of the compensation exceeding the residual value (or market value), provided that the insurance indemnity is used for reinstating the property in the same place, of the same type and with the same function within two years as of the adoption of the decision on compensation.
- 15.9. The portion of the insurance indemnity value exceeding the residual value (or market value) shall be compensated on the basis of the calculation submitted for the reinstatement of the property, if the reinstatement of the property has reached a proportionally equal ratio as is the ratio of the residual value (or market value) of the said property to the reinstatement value (or reacquisition value) of the property.
- 15.10. PZU is entitled to set off the obligations assumed under the insurance contract against the instalments of the insurance premium still unpaid until the end of the insurance period pursuant to the insurance contract.
- 15.11. If the policyholder or beneficiary regains the possession of the stolen or robbed property after the disbursement of the insurance indemnity, the regained object shall be delivered to PZU or the insurance indemnity shall be returned.
- 15.12. The portion of the VAT returned to the policyholder on the basis of the Value Added Tax Act shall not be compensated for.

16. Release of PZU from the Obligation to Perform Insurance Contract

- PZU shall be partly or fully released from the obligation to perform the insurance contract if:
- 16.1. the policyholder or a person considered equal thereto has violated at least one obligation specified in clauses 10 or 11 and there is a causation between the failure to perform the said obligation and the occurrence of the insured event and/or size of damage occurred in consequence thereof;
 - 16.2. the insured event has occurred due to gross negligence or intent of the policyholder, a person considered equal thereto or the beneficiary;
 - 16.3. the cause of the insured event is the act of the policyholder or a person considered equal thereto in a state of intoxication, under the influence of drugs or other psychotropic substances;
 - 16.4. the policyholder or beneficiary has submitted false information about the circumstances of the occurrence and/or size of damage.

17. Refund of Insurance Indemnity

The policyholder shall return the insurance indemnity to PZU if the circumstances excluding the compensation have appeared after the disbursement of indemnity or if a third person has compensated for the damage pursuant to the procedure prescribed by law.

18. Jurisdiction

Any disputes arising from this insurance contract shall be settled by the Harju County Court.

19. Procedure for Delivery of Notices

Any notices between the parties to the insurance contract submitted during the performance of the contract shall be given in a format which can be reproduced in writing or at telephone number of PZU.

ADDITIONAL TERMS AND CONDITIONS OF BUSINESS INTERRUPTION INSURANCE V200/2011

Effective as of 01.01.2011

(Unofficial translation. In case of a dispute refer to commercial insurance terms and conditions in Estonian – V200/2011)

This document shall apply to insurance contracts entered into with the AB "Lietuvos draudimas" Estonia Branch (hereinafter PZU), where the business interruption insurance cover has been selected. In any matters not regulated hereunder, the Parties to the insurance contract shall be governed by the General Terms and Conditions of Property Insurance of PZU, the Law of Obligations Act and other legislation.

1. Object of Insurance

- 1.1.** The object of insurance is the operating profit and fixed costs of business activities (sales of products or provision of services) specified in the insurance contract and financially substantiated additional expenses incurred when limiting the damage caused due to business interruption.
- 1.2.** The object of insurance shall not include:
- 1.2.1. costs of purchasing raw material, semi-finished goods, auxiliary means and goods;
- 1.2.2. state and local taxes, incl. VAT, excise duty, customs duty, income tax, etc.;
- 1.2.3. turnover-dependent insurance premiums, license fees and taxes arising from the use of copyrights;
- 1.2.4. transportation costs involved in the sales of goods and/or services;
- 1.2.5. financial income and other extraordinary income;
- 1.2.6. income and expenses, which are not directly connected with the insured business activities (e.g. interest income, real estate, stock exchange and land transactions, etc.).

2. Insured Event

- 2.1.** The insured event is an unexpected and unforeseeable event with respect to the policyholder and insured person, upon the occurrence of which there is an interruption of business activities (or a decrease in turnover) specified in the insurance contract as a result of the insured event under property insurance in the insurance location during the term of the insurance cover. Upon the occurrence of the insured event, the insurer shall have an obligation to compensate for the damage.
- 2.2.** The insurance cover shall only be valid if PZU has the compensation obligation on the basis of the insured event under property insurance.
- 2.3.** Business interruption damage arising from overvoltage caused by a lightning strike shall be compensated for to the extent of up to EUR 50,000.

3. Damage and Extra Expenses of Business Interruption

- 3.1.** Business interruption damage caused in consequence of the insured event in the insurance location and substantiated additional expenses incurred upon limiting the damage caused as a result of business interruption are subject to compensation in case of the business interruption insurance.
- 3.2.** Business interruption damage is fixed costs and the operating profit lost in consequence of the insured event which the policyholder might have had during the indemnity period if the insured event had not occurred.
- 3.3.** Fixed costs are only compensated for if their further incurrence is financially and legally substantiated according to current laws and they would have still been incurred if no insured event had occurred.
- 3.4.** The substantiated additional expenses incurred upon limiting the damage caused in consequence of business interruption shall only be compensated for if they reduce the size of indemnity obligation of PZU and have been previously agreed with PZU. Additional expenses shall

not be compensated for if the policyholder gains fiscal advantage from them.

- 3.5.** In case of the business interruption insurance, the following shall not be compensated for:
- 3.5.1. damage caused by the fact that the policyholder cannot use sufficient labour force and/or financial or technical means (e.g. property insurance is entered into on the basis of underinsurance) for the reinstatement or reacquisition of damaged, destroyed or lost property in time;
- 3.5.2. damage caused by damage to, destruction or loss of cash, security, bond, document, plan, drawing, punch card, magnetic tape, accounting record or other data medium;
- 3.5.3. damage caused by the decision or activity of a public or local authority as well as the unforeseeable delay resulting therefrom (e.g. restriction on activities);
- 3.5.4. damage caused by the fact that a portion of the indemnity period has been used for making such improvements, extensions or changes (among other things, at the request of officials) which are not compensated for according to the General Terms and Conditions of Property Insurance;
- 3.5.5. damage caused by the business partner's failure to perform contractual obligations;
- 3.5.6. damage caused by the interruptions or disturbances of water, gas, steam, power supply and/or another source of energy;
- 3.5.7. penalties and/or sanctions (e.g. interest on arrears) arising from the failure to perform contractual obligations of the policyholder;
- 3.5.8. depreciation of the property damaged, destroyed or lost in consequence of the insured event under property insurance;
- 3.5.9. costs of liquidation of a company.

4. Sum Insured and Insured Value

- 4.1.** The sum insured is the largest amount paid per insured event. The sum insured shall not decrease upon the payment of the insurance indemnity. The expected change in turnover shall be taken into account when determining the sum insured.
- 4.2.** The insured value of the object of insurance is the operating profit and fixed costs of the period of calculation; the expected change in turnover shall also be considered.
- 4.3.** The policyholder shall notify PZU of the true insured value. Vastutusperiood

5. Indemnity Period

- 5.1.** The indemnity period is a period agreed in the insurance contract, during which PZU shall compensate for the business interruption damage occurred.
- 5.2.** The indemnity period shall commence from the moment of occurrence of the insured event under property insurance.

6. Period of Calculation

- 6.1.** The period of calculation is a period forming the basis for determining the insured value and calculating the insurance indemnity.
- 6.2.** The period of calculation shall directly precede the date of occurrence of the insured event of property insurance.

7. Obligations of Policyholder

- 7.1.** The policyholder shall:

- 7.1.1. notify PZU of the circumstances significantly affecting the business activities or insured value specified in the insurance contract (e.g. added machinery and equipment; completion of new buildings, expansion of production, etc.);
- 7.1.2. immediately notify PZU of the insured event under property insurance that might result in an interruption of business activities;
- 7.1.3. organise its accountancy in accordance with the laws of the Republic of Estonia, incl. the Accounting Act and accounting principles generally accepted;
- 7.1.4. maintain the annual reports and the original accounting documents of three preceding years by making back-up copies, and keep original documents separately from the back-up copies and safely (in a fireproof manner) to avoid their simultaneous destruction.
- 7.2.** Upon the occurrence of the insured event, the policyholder shall:
 - 7.2.1. take immediate measures to save the object of insurance, to prevent the increase of damage and to reduce the duration of business interruption as well as limit the damage caused thereby (e.g. reduction of staff costs) by consulting PZU for instructions;
 - 7.2.2. allow PZU to establish the cause and size of damage sustained in consequence of the insured event during the loss adjustment process by submitting documentation necessary therefore, incl. last three annual reports.
- 7.3.** The policyholder shall submit all the information to PZU required for the determination of the contractual obligations of PZU and authorise PZU to obtain necessary information.
- 7.4.** Upon the violation of the obligations specified in this clause, PZU shall be released from the obligation to perform the insurance contract.

8. Insurance Indemnity and Ways of Compensation

- 8.1.** Insurance indemnity is an amount of money to be disbursed to compensate for the damage of business interruption occurred in consequence of the insured event and the substantiated additional expenses incurred upon limiting the damage.
- 8.2.** The size of insurance indemnity for one insured event is limited to the sum insured or the maximum limit of insurance indemnity agreed in the insurance contract.

9. Deductible

- 9.1.** The deductible is a part of damage established in the insurance contract in case of each insured event. The amount of the deductible shall always be incurred by the policyholder and not subject to compensation by PZU.
- 9.2.** The deductible may be agreed as a time period or an amount of money. The deductible defined as a time period shall commence from the beginning of the indemnity period.

10. Compensation Procedure

- 10.1.** Upon the insured event, PZU shall compensate for the financial damage for the business interruption period starting from the moment of the occurrence of the insured event and ending upon the achievement of the economic situation that the company would have had if the insured event had not occurred, however, after the expiry of the indemnity period, at the latest.
- 10.2.** In case of underinsurance, PZU shall compensate for the damage pro rata to the ratio of the sum insured to the insured value. The same ratio shall be applied upon compensating for the additional expenses. If the sum insured does not differ from the insured value more than 10%, the underinsurance shall not be applied.
- 10.3.** In case of overinsurance, PZU shall compensate the damage up to the insured value.
- 10.4.** In case of the deductible agreed upon as a time period, the amount of money the ratio of which to the total amount of the insurance indemnity is the same as the ratio of the deductible agreed upon as a time period and the business interruption period shall be deducted for the damage sustained. The business interruption period ends at the expiry of the indemnity period, at the latest.
- 10.5.** All the circumstances which could have influenced the performance and result of the company either positively or negatively if the insured event had not occurred shall be considered when calculating the amount of damage sustained in consequence of the business interruption as a result of the insured event.
- 10.6.** If the insurance indemnity has been decreased or the compensation for damage has been refused on the basis of the General Terms and Conditions of Property Insurance, the insurance indemnity of business interruption shall be decreased proportionally at the same rate or shall not be compensated for.
- 10.7.** PZU is entitled to set off the obligations assumed under the insurance contract against the instalments of the insurance premium still unpaid until the end of the insurance period pursuant to the insurance contract.
- 10.8.** If one month has passed from the business interruption and it is possible to determine the minimum amount to be compensated for the time elapsed from the beginning of the business interruption, the policyholder is entitled to demand the disbursement of such amount. The same may also be demanded for each subsequent month. In such case these amounts shall be handled as an advance insurance indemnity and shall later be deducted from the final insurance indemnity.

ADDITIONAL TERMS AND CONDITIONS OF ELECTRONIC EQUIPMENT INSURANCE V300/2011

Effective as of 01.01.2011

(Unofficial translation. In case of a dispute refer to commercial insurance terms and conditions in Estonian – V300/2011)

This document shall be applied to insurance contracts entered into with the AB "Lietuvos draudimas" Estonia Branch (hereinafter PZU), where the electronic equipment insurance cover has been selected. In any matters not regulated hereunder, the Parties to the insurance contract shall be governed by the General Terms and Conditions of Property Insurance, the Law of Obligations Act and other legislation.

1. Object of Insurance

1.1. The object of insurance shall be the property specified in the insurance contract. Such property may be the following:

- 1.1.1. electronic equipment (incl. office and computer equipment, audio and video equipment, household and kitchen appliances, software program and operation system used in electronic equipment, telephone system, telephone switchboard, except mobile phones, etc.) and external data media used therein (incl. CD, DVD, computer disk, cassette, magnetic tape and disk);
- 1.1.2. auxiliary device (incl. ventilation device, air conditioner, auxiliary energy sources, UPS) used for ensuring the operation of the object of insurance without interruptions.

1.2. The object of insurance shall not include:

- 1.2.1. computer equipment, which is an integral part of the production process and/or production line used in such process;
- 1.2.2. equipment the age of which is more than five years at the moment of issuing the policy.

2. Insured Event

2.1. The insured event is an unexpected and unforeseeable event with respect to the policyholder and the insured person, during which the object of insurance is damaged or destructed in the insurance location during the term of the insurance cover. Upon the occurrence of the insured event, the insurer shall have an obligation to compensate for the damage.

2.2. In case of the electronic equipment insurance, damage caused to the object of insurance shall be compensated for if such damage has been caused by:

- 2.2.1. short circuit, overvoltage or undervoltage or induction;
- 2.2.2. internal electrical or mechanical breakdown;
- 2.2.3. insufficient professional skills of an operator or negligence in handling the electronic equipment;
- 2.2.4. substandard material used for manufacturing the electronic equipment, technological failure or failure occurred during the installation of the electronic equipment (except damage subject to compensation on the basis of the warranty of the manufacturer, distributor, importer, installer or maintenance company);
- 2.2.5. leaking liquid or gas and humidity or corrosion caused thereby.

2.3. In case of the electronic equipment insurance, the following shall not be compensated for:

- 2.3.1. damage caused to the electronic equipment which has not been fully installed, assembled or the test operation of which has not been successfully finished;

- 2.3.2. damage caused to an information technology device, other programmable electronic device, data medium, data or program thereof due to a faulty program or operation thereof, failure of a device, erroneous programming, deletion of information, computer virus or damage to or loss of data due to the impact of a magnetic field;
- 2.3.3. damage caused by defects or failures of the object of insurance known to the policyholder prior to entry into an insurance contract;
- 2.3.4. damage caused by the depreciation of the object of insurance during the daily operation – physical wear and ageing, cavitation, corrosion, formation of scale; wear and damage arising from normal weather conditions, etc.;
- 2.3.5. damage caused by external defects of aesthetic character, which do not affect the operation of the object of insurance (scratches, dents, etc.). Damage shall be compensated for if it occurred due to any event specified in clause 2.2;
- 2.3.6. maintenance, adjustment and technical inspection costs of the object of insurance as well costs of a part of equipment or components replaced during maintenance or repairs;
- 2.3.7. damage caused by regular and notified interruption and disturbance in water, gas and power supply;
- 2.3.8. damage caused by the operation of the object of insurance at a higher load than foreseen by the manufacturer and in any other extreme situation;
- 2.3.9. damage for which a third person is responsible on the basis of a contract or law, incl. as a guarantor;
- 2.3.10. damage to a bulb, lamp, valve, seal, fuse, tape, belt, tube, chain, a part of equipment made of wire, rubber, glass, ceramics or porcelain; fabric, screen, lubricant, fuel, coolant, chemical substance and other part of equipment wearing fast and material required for the operation of the equipment. The damage shall be compensated for if it occurred due to any event specified in clause 2.2.

3. Special Conditions Applying to Notebook Computers

3.1. As an exception from the General Terms and Conditions of Property Insurance, the insurance location for a notebook computer constituting the object of insurance shall be expanded. It shall be the territory of the Member States of the European Union.

3.2. Damage to the object of insurance due to a traffic accident involving the vehicle transporting the object shall also be deemed the insured event. Damage which occurs to the object of insurance on aircraft or watercraft or when transported thereby shall not be the insured event. Theft and/or burglary of the object of insurance from a vehicle transporting the object of insurance shall not be the insured event, either.

ADDITIONAL TERMS AND CONDITIONS OF LIABILITY INSURANCE V400/2011

Effective as of 01.01.2011

(Unofficial translation. In case of a dispute refer to commercial insurance terms and conditions in Estonian – V400/2011)

This document shall be applied to insurance contracts entered into with the AB "Lietuvos draudimas" Estonia Branch (hereinafter PZU), where the liability insurance cover has been selected. In any matters not regulated hereunder, the parties to the insurance contract shall be governed by the General Terms and Conditions of Property Insurance of PZU, the Law of Obligations Act and other legislation.

1. Insured Event

- 1.1. The insured event is unlawful damage caused to a third person by the insured upon possession of the object of insurance in the insurance location. The damage will be reimbursed only, if the insured is culpable for causing the damage and/or is liable for causing such damage pursuant to law and the damage was caused and claimed within policy period.
- 1.2. In case of liability insurance, the following shall not be compensated for:
 - 1.2.1. non-patrimonial damage or damage caused as a result of loss of profit;
 - 1.2.2. damage arising from the contractual liability of the policyholder, an obligation assumed under a contract (incl. guarantee given in writing or in any other manner, etc.), unless the policyholder would have such liability without the respective contract;
 - 1.2.3. damage arising from Negotiorum Gestio;
 - 1.2.4. damage caused by an event of which the policyholder was aware prior to the entry into the insurance contract;
 - 1.2.5. damage caused by gross negligence, intent, dishonesty, commitment of a crime by the policyholder or an act performed in a state of intoxication, under the influence of drugs or other psychotropic substances ;
 - 1.2.6. damage arising from claims between persons covered with the same insurance contract;
 - 1.2.7. damage which is or would be subject to compensation on the basis of the compulsory insurance (incl. motor third party liability insurance) contract;
 - 1.2.8. damage caused by watercraft or aircraft belonging to the policyholder or leased, lent, rented and/or operated by the policyholder;
 - 1.2.9. damage caused by loading operations of any vehicle or trailer;
 - 1.2.10. damage related to the use of a train, tram or funicular railway;

- 1.2.11. damage caused by Force Majeure;
- 1.2.12. damage caused by the provision of a professional service (consulting, measuring, calculating, designing, planning, medical service, etc.) by the policyholder (professional liability) or the activities of the policyholder as a manager or official of an economic entity;
- 1.2.13. damage arising from labour, service or family law disputes;
- 1.2.14. penalty, interest, interest on arrears and any other additional sentence or administrative measure imposed on the policyholder on the basis of legislation;
- 1.2.15. damage caused by asbestos and/or poisonous mould;
- 1.2.16. damage if the claim of the victim arises from the destruction, loss of or damage to property (incl. documents, etc.) at the time the insured person possessed, kept, transported, leased, rented, borrowed, used, repaired, processed the property, etc. The said exclusion shall be applied irrespective of whether the possession of the insured person was legal or illegal.

2. Insurance indemnity

- 2.1. The insurance indemnity is an amount of money which shall be disbursed to compensate for the damage and/or the costs for legal assistance required.
- 2.2. For the purposes of this document, the costs for legal assistance are the amounts spent on legal assistance, expert assessment and court proceedings of the insured person. PZU shall compensate for the costs for legal assistance required to evidence the absence of liability and/or fault of the insured person, which have previously been agreed with PZU.
- 2.3. The size of insurance indemnity for one insured event is limited to the amount of damage and the maximum limit of insurance indemnity agreed in the insurance contract.
- 2.4. The maximum limit of insurance indemnity is an amount agreed in the insurance contract which is the maximum limit of all the insurance indemnities to be disbursed.

3. Beneficiary

The definition of beneficiary specified in the insurance contract shall not extend to liability insurance. In case of liability insurance, the beneficiary has not been specified.