1. **Insurance Object**

1.1. Only insurance objects clearly indicated in the concluded insurance contract are insured.

1.2. When insuring real estate, the insurance object may be:

- a building, a structure that is used for economic activity and is permanently fixed to the land, including all its integral parts permanently attached thereto.

A building is insured together with all its essential parts, which are:

- 1.2.1.1. integrated elements (e.g. building foundation, external walls, inner walls, floor decks, roof constructions and cladding);
- 1.2.1.2. doors, gates, elevators, stairs, windows and glazing;
- 1.2.1.3. interior and exterior decoration;
- 1.2.1.4. water supply, heating, sewage, electricity supply and communication systems, with all stationary elements attached thereto (including sanitary equipment, boilers and radiators, hot water boilers, pumps, filters, built-in lighting fittings, under-floor heating, sanitary stoves, chimneys, fire and security alarm systems, electrical equipment, lightning materials, signboards and installations on the external walls of the building);
- 1.2.1.5. built-in air conditioning and ventilation equipment;
- 1.2.1.6. external engineering and technical communications located at the place the insurance contract is concluded off from the insurance object to the connection to public networks and which are subject to legal liability of the Insured as regards operation and repair of these communications;
- 1.2.1.7. other integral parts of the building construction;
- 1.2.1.8. Part of the building – actual share of the joint ownership used in the economic activity.

1.3. Premises – parts of the building used in economic activity. The premises are insured including all essential parts thereof in accordance with the description provided in sub-clause 1.2.1, which make up the boundaries of these premises or are located therein. In addition, the insurance covers the buildings located in the insured premises, deemed shares of the joint ownership to the extent to which the premises space is insured in proportion to the total space of the building.

1.4. Improvement construction – a structure that is permanently fixed to the land plot, on which the insured real estate referred to in sub-clauses 1.2.1 and 1.2.2 of these Terms and Conditions is located (e.g. barriers, walls, fencing, sheds, elevated roads, bus roads, stationary sprinkler systems, outdoor lighting, flag poles, advertising stands), unless it is stipulated otherwise in the concluded insurance contract. If the insurance object – improvement construction – is not indicated in the insurance contract, BTA will reimburse for losses as regards improvement construction up to the amount of 5 % (five per cent) of the sum insured of the building, but no more than LVL 10 000 (ten thousand lats) for one insurable event. Such losses are indemnified provided that the insurance object specified in the insurance contract is a building. Insurance covers only the improvement constructions that are located on the insured building land plot in accordance with the boundary plan;

1.5. Repair investments – exterior and interior decoration of buildings or building parts (including water supply, heating, sewerage, electricity supply and communication systems, roof waste-pipes; under-floor heating, stationery stoves, chimneys, fire and security alarm systems, electrical equipment, lightning materials, signboards and installations on the external walls of the building);

1.6. Unless stipulated otherwise in the insurance contract, moveable property is insured as separate items. However, BTA indemnifies for the damages of the moveable property outside buildings and premises if it is insured for the moveable property usage specifics and this property is insured in accordance with the insurance contract. Party illegal property risk as regards the property outside the buildings or premises is only insured provided that the insured property is in a compound with 24 (twenty-four) hour security.

1.7. Except for the property referred to in Clause 1.11 of these Terms and Conditions, which can be only insured as separate items, moveable property may be insured upon decision of the Policyholder:

- 1.7.1. as an aggregation of items;
- 1.7.2. as separate items.

Unless it is stipulated otherwise in the insurance contract, moveable property is insured as separate items.

1.8. When insuring moveable property as an aggregation of items, apart from the loss compensation limit, the sum insured is equal to the sum of the insurable property – and upon occurrence of an insurable event BTA will indemnify for the losses without exceeding the sum insured – the loss compensation limit set for a respective moveable property insurance group. In such a case, the under-insurance principle is not applied.

1.9. Unless it is stipulated otherwise in the insurance contract, when insuring current assets – stocks – the total sum insured is specified and such assets are insured as an aggregation of items, setting one sum insured – limit for this aggregation. If upon the occurrence of the insurable event the value of the insured current assets exceeds the sum insured in the insurance contract territory exceeds the sum insured, the loss amount when calculating the insurance indemnity is multiplied by the proportion of the sum insured and this value upon occurrence of the insurable event, less deductible.

1.10. When insuring moveable property as separate items, each insured item is specified in the insurance contract and for each insured item the sum insured is specified; in such case the under-insurance principle can be applied.

1.11. Unless stipulated otherwise in the insurance contract, the concluded insurance contract is not valid when insuring moveable property as regards:

- 1.11.1. plants, animals;
- 1.11.2. constructions and structures not intended for long-term operation (e.g. tents, sheds, inflated constructions);
- 1.11.3. land, water and air vehicles and belongings thereof;
- 1.11.4. construction materials;
- 1.11.5. arms, ammunition, explosives;
- 1.11.6. computer software and electronic information, databases;
- 1.11.7. cash, securities, bonds, documents, manuscripts, drawings, paintings, plans, card files, accounting registers, payment cards and other means of payment;
- 1.11.8. jewellery, precious metals and articles thereof, precious and semiprecious stones;
- 1.11.9. paintings, unique items, prototypes and collections.

For the purpose of these Terms and Conditions collections is considered several homogenous items (e.g. stamps, postcards, calendars, labels, coins) grouped together having scientific, cultural historical or artistic value or that are gathered for...
2. Insurance Coverage

2.1. Upon conclusion of the insurance contract, the insurance coverage referred to in Clause 2.2 of these Terms and Conditions is provided for the insurance object. Upon the conclusion of the insurance contract, for indirect claims referred to in Clause 2.3 of these Terms and Conditions can be provided for the insurance object.

2.2. BTA will reimburse for losses related to damages or loss of the insured real estate or movable property if the damage or loss of the insurance object occurs at the time when the damage or loss is specified in the insurance contract due to sudden and unexpected external impact circumstances, except for the events referred to in Section “Exceptions” of these Terms and Conditions and Section “General Exceptions” of the BTA General Insurance Terms and Conditions.

2.3. Unless stipulated otherwise in the insurance contract, when insuring real estate, improvement constructions up to 5% (five per cent) of the sum insured of the real estate sum insured; however, no more than LVL 25 000 (twenty five thousand lats) or an equivalent amount in another currency in accordance with the exchange rate set by the Bank of Latvia on the insurance contract conclusion day, unless it is stipulated in the insurance contract.

3. Exceptions

3.1. The losses are not considered an insurable event and are not indemnified if they resulted from: 3.1.1. damaged by destructive forces, such as: 3.1.1.1. events related to fire, explosions, natural disasters, earthquakes, windstorms, hurricanes, floods, coastal surges, thunderstorms, lightning, storms; 3.1.1.2. events related to water damage, including floods, by damaging its constructions or locks if clear breaking in evidence is established.

However, BTA indemnifies for damages caused to other objects that are not directly affected by the above-mentioned circumstances (e.g. if the depreciated pipe breaks, which leads to water damage on the neighboring road, BTA will reimburse for the internal finishing renovation expenses but not the broken repair pipe expenses).

3.1.2. insured real estate foundation settling, bulging or insured real estate construction settling if the said processes has not been caused by occurrence of an insurable event; 3.1.3. soil freezing; 3.1.4. continuous temperature fluctuations, continuous impact of atmospheric conditions or chemicals; 3.1.5. moving ice, air or snow weight impact; 3.1.6. impact of vermin, rodents or other animals; 3.1.7. violation of insurance object utilisation requirements set forth in the insurance object utilisation instructions or regulatory enactments of the Republic of Latvia using the insurance object for unauthorised purposes or in an authorised way. However, BTA indemnifies for losses caused by breaching the safety requirements caused due to Section 5 Jurisdiction and Conditions “Compulsory with the Safety Requirements” in compliance with the conditions referred to in Clause 5.2.

3.1.8. repairs, construction or construction works at the insurance object. However, BTA indemnifies for losses caused by repairs that do not require a construction permit in accordance with regulatory enactments of the Republic of Latvia; 3.1.9. poor quality repairs, reconstruction or construction works, errors in calculations, planning or design, use of bad quality or unsuitable construction materials; 3.1.10. interruptions in water, gas, electricity, fuel or other energy resource supply, if such interruptions have not been due cause to the occurrence of the insurable event; 3.1.11. damage or loss of computer files and software; 3.1.12. damages in electrical equipment (e.g. boiler, pump) at the insured real estate due to electricity supply interruptions (e.g. accident or electricity supply interruptions), electrical contact, including damages caused due to overvoltage, overload, short circuit or secondary effects of lighting and consequent electromagnetict fluctuations; 3.1.13. malicious intent or fault, that in terms of reimbursement for losses and other civil liability consequences is considered as malicious intent, of the Insured, the Policyholder or legal user of the property. However, BTA indemnifies for losses caused by malicious intent or fault, which in terms of reimbursement for losses and other civil liability consequences is considered as malicious intent, of tenants or clients, if the insurance contract provides for the additional insurance coverage – Damage Caused by Tenants, Clients or Guests; 3.1.14. changes in the groundwater level or overflow in waste water collection systems, or roof waste-pipes; 3.1.15. injuries to third parties, that occurs during the utilisation of the insured real estate, BTA will reimburse for the internal finishing renovation expenses but not the broken repair pipe expenses.

4.1.1.2. events related to water damage, including floods, 4.1.1.3. events related to water damage, including floods, by damaging its constructions or locks if clear breaking in evidence is established.

For the purpose of these Terms and Conditions robbery is considered robbery of the property by using violence or by threatening by assault; 3.1.2. weather conditions caused to the moveable property left under the open sky or due to the loss or theft thereof. However, BTA indemnifies for the said losses, if, pursuant to the insurance contract the additional insurance coverage – Moveable Equipment Insurance – is provided for the insurance object.
1.4.6. sculptures, sports grounds;

LVL 5 000 (five thousand lats) for one insurable event is set as regards such losses. However, BTA indemnifies for the damages of external engineering communications improvement constructions up to 5 % (five per cent) of the sum insured of the insured including all essential parts thereof in accordance with the description 1.2.1.5. built-in air conditioning and ventilation equipment; systems, stationary fire safety equipment, advertising materials, signboards and

A building is insured together with all its essential parts, which are:

1. Insurance Object

Approved by Insurance Joint Stock Company BTA Board Decision No. 100 of

1.11.5. guns, ammunition, explosives;

1.5.2. current assets – stocks (raw materials, work in progress and finished goods, managed by a third party. When insuring the moveable property, the insurance deductible are not applied.

however, no more than for 12 (twelve) months following the occurrence of the

3.1.14. changes in the groundwater level or overflow in waste water collection and storage expenses.

6.2. By immediately calling the BTA Assistance Service hotline +371 26121212 from the real estate will be acquired by the BTA.

3.1.8. repairs, reconstruction or construction works at the insurance object.

6.1.3. to immediately inform the building manager (if such exists) or responsible persons of the said substances or radiation of the said substances.

3.2. BTA does not compensate:

6.1.4. to keep the real estate in good order and condition as agreed in the insurance contract.

7.1. The amount of the insurance indemnity for real estate insurance is determined

3.1.28. impact of collision of ships, vessels, barges or other water vehicles;

7.1.5. if it is not possible to determine the value of the insurance object, actually

7.1.4. the amount of actual losses to be compensated for the insured real estate

7.1.3. if the insurance object is damaged to the extent that commercial activity is therein is not possible, BTA, the insurance object location specified in the insurance contract due to the sudden

7.5. The amount of actual losses to be compensated for the insured moveable property

3.1.9. under-insurance principle is not applied.

3.4. outages, including temporary rent expenses and moving expenses, lost profit and income. However, BTA compensates indirect losses referred to in sub-clause 3.4.1 of these Terms and Conditions, if the concluded insurance contract provided for the additional insurance coverage – Rent of Temporary Premises.

7.6. Behaviour of the Policyholder, the Insured and Legal Users of the

12) it is forbidden to leave the burning stove, range, fireplace or furnace, except for central heating boilers, unattended;

13) it is forbidden to cover switches on electric radiators, or place items on them;

14) it is forbidden to use electric water heaters, damaged insulation, damaged sockets and switches, as well as non-standard fuses and fuses that do not meet the network voltage;

15) it is forbidden to dry fireplace, clothing and other inflammable items on heating devices;

16) it is forbidden to use inappropriate fuel for heating equipment;

17) it is forbidden to use firewood that is longer than the stove;

18) it is forbidden to use open fire to defrost frozen pipes;

19) it is forbidden to cook a meal using open fire, in the building balcony and other not suitable places;

5.1.2. the following are requirements as regards plumbing and pipes:

1) the water shall be drained from water supply, heating and pluming system in the real estate that is not heated during the heating season or where the air temperature is below 0°C;

2) as regards pipes inside or outside the insured real estate, in order to prevent burst of pipes due to freezing, their usage technical mode standards shall be required to be in accordance with climatic conditions.

5.1.3. the following are requirements as regards safety measures (locks, keys, alarm systems):

1) when leaving the real estate, windows, doors, manholes and other openings shall be closed or locked so that the access to the real estate could not be gained without break-in, i.e. without damaging windows, doors, constructions, locks or fencing;

2) when there are no people in the real estate, the street doors shall be locked;

3) all door keys (including alarm system codes) cannot be kept at the place and in the way they could become available to third parties;

4) if a key is lost or is illegally acquired by a third party, the lock shall be immediately changed;

5) if there is an alarm system, it shall be in working order and activated upon leaving the real estate.

5.2. If the event of failure to comply with the above-mentioned safety requirements, which results in occurrence of the insurable event, the insurance indemnity calculation – accordance with the procedure set forth in the concluded insurance contract is reduced by 20 % (twenty per cent).

If the safety requirements specified in this Section are not complied with due to malicious intent or gross negligence, the insurance indemnity is not paid out.

6. Behaviour of the Policyholder, the Insured and Legal Users of the

Property upon Occurrence of the Possible Insurable Event

6.1. Upon establishing the occurrence of a possible insurable event, the Policyholder, the Insured or legal user of the insured property is obliged, as well as it is the precondition for receiving the insurance indemnity, to fulfil the obligations set forth in the BTA General Insurance Terms and Conditions Section "Measures to be Taken Upon Occurrence of the Insured Risk" and the following obligations:

6.1.1. take all the measures to prevent or reduce further damages, as well as comply with BTA instructions as regards reducing the damage caused by occurrence of the insurable event;

6.1.2. to immediately inform the Fire and Rescue Service if the possible insurable event has occurred due to the fire, as well as inform other states authorities in the events set forth in the effective regulatory enactments of the Republic of Latvia (e.g., the State Police, the Gas Service, etc.);

6.1.3. to immediately inform the building manager (if such exists) or responsible services in the event of liquid or steam leakage;

6.1.4. within the possibilities, to keep the site untouched and immediately inform BTA of the time and place of an event, so the BTA representative can arrive and inspect the damaged insurance object to assess the incurred damages, as well as to check on the possible insurable event and its circumstances;

6.1.5. to preserve useful remains of the damaged insurance object and, upon request of BTA, submit them to BTA for the examination period (if such examination will be required).

6.2. By immediately calling the BTA Assistance Service hotline +371 26121212 from the place of the accident and providing the information on the accident, the Policyholder, the Insured or legal users of the insured property will receive BTA instruction on how to fulfil the above-said preconditions correctly and in details in order to receive the insurance indemnity.

7. Insurance Indemnity

7.1. The amount of the insurance indemnity for real estate insurance is determined by dividing the amount of losses to be compensated by the deductible specified in the insurance contract and taking into account the following:

7.1.1. the amount of actual losses to be compensated is determined, i.e. the amount required to restore the insurance object to the condition it was before the occurrence of the insurable event, including demolition, construction waste collection and storage expenses.

In accordance with these Terms and Conditions, demolition and construction waste collection expenses are considered justified expenses for real estate demolition, collection waste collection and territory clearing works related to the insurable event. Maximum insurance indemnity for such expenses amounts to 10 % (ten per cent) of the property sum insured; however no more than LVL 50 000 (fifty thousand lats) or an equivalent amount in another currency in accordance with the exchange rate set by the Bank of Latvia on the day the decision regarding payment of the insurance indemnity is taken.

In accordance with these Terms and Conditions, storage expenses are considered justified expenses that have been incurred to prevent or reduce further damages or losses of the insurance object upon occurrence of the insurable event. BTA will
1.4.8. bridges, footbridges, berths, anchorages, structures on the water (in the 1.4.4. pumps submerged in water basins, boreholes and wells; LVL 5 000 (five thousand lats) for one insurable event is set as regards such losses.

repair and operation of which is responsibility of the Insured. The indemnity limit of been installed during use of the insurance object (e.g. window covers, satellite boundary plan;

LVL 5 000 (five thousand lats) or an equivalent amount in another currency in accordance with the exchange rate set by the Bank of Latvia on the day the decision regarding payment of the insurance indemnity is taken.

loss assessment is carried out in accordance with the actual renovation work estimate, costs and prices no later than 6 (six) months after the occurrence of the insurable event. Overtime hours, working hours on holidays and other similar expenses are considered.

7.1.2. if an under-insurance event, i.e. event when the sum insured is at least 15 % (fifteen per cent) lower than the value of the insurance object, the amount of the losses to be compensated is multiplied by the proportion between the sum insured and this value;

7.1.3. if an over-insurance event, i.e. the event when the sum insured exceeds the value of the insurance object, is established, the insurance indemnity is paid out in the amount it would be paid out if the sum insured were equal to the value of the insurance object;

7.1.4. the amount of actual losses to be compensated for the insured real estate older than 40 (forty) years is set in the amount of insurance object renovation expenses calculated in accordance with the procedure set forth in sub-clause 7.1.1. of this event and the compensation loss is determined in proportion to the joint ownership share owned by the Insured.

7.1.5. if it is not possible to determine the value of the insurance object, actually compensated losses are calculated by determining the proportion of the lost elements of the insured real estate and multiplying it by the sum insured. This procedure is not applied in the event of over-insurance.

7.2. If the insured real estate is joint ownership of several persons and is not divided into actual shares, i.e. each of the persons owns certain share of property rights, the losses as regards damages or losses of the property of joint ownership are reimbursed in proportion to the joint ownership share owned by the Insured.

7.3. When paying out the insurance indemnity, the value of the moveable property is determined in accordance with the following procedure:

7.3.1. for moveable fixed assets (e.g. technological equipment, machines, equipment and inventory) – in accordance with the restoration cost that is equal to the lowest acquisition costs of the same type and similar quality moveable property (including transportation, design and installation/assembly costs) or the lowest cost to restore the insured moveable property in the quality and to the extent it was just before the occurrence of an insurable event, unless it is stipulated otherwise in the insurance contract;

7.3.2. for current assets, if they were not insured in accordance with the first-loss principle – the amount and value thereof in accordance with the accounting data is calculated at the moment of the occurrence of the insurable event; if under-insurance is established, the insurance indemnity is calculated in proportion to the relation between the sum insured and the calculated value of the insured current assets;

1) for current assets – raw materials, work in progress and finished goods, packing materials and goods for sale (except for finished goods of the insured company itself) – in accordance with the replacement cost, which is equal to the lowest acquisition costs of the same type and similar quality goods and raw materials;

2) for current assets – work in progress and finished goods – in accordance with the production actual cost, which is equal to the lowest costs required to restore the production in same quality and to the same extent it was before the occurrence of the insurable event.

7.4. The amount of the insurance indemnity for moveable property insurance in determined in accordance with the following procedure:

7.4.1. in the event of damages to moveable property if it is possible to restore it:

1) the actual amount of losses is determined, i.e. the amount required to restore the insurance object to the condition it was just before the insurable event;

2) the insurance indemnity is equal to the actual loss amount less deductible;

3) if moveable property is insured as separate items and it is established that the sum insured is lower than the value of the insured property, the under-insurance principle is applied, i.e. the actual loss amount is multiplied by the proportion between the sum insured and the value of the insurance object, less the deductible;

7.4.2. in the event of the moveable property is considered lost, if the damage elimination costs exceed the difference between the values of the insured moveable property before and after the insurable event. If BTA acknowledges the insured moveable property as lost, in compliance with the terms and conditions of the concluded insurance contract regarding the deductible, BTA is entitled:

1) to replace the lost insurance object with an equivalent by taking over the remains of the insurance object – in such case before replacing the property the Insured shall submit to BTA the remains of the lost insurance object and pay the deductible specified in the concluded insurance contract;

2) to pay out the insurance indemnity amounting to the value of the insurance object and collect the remains of the insurance object;

3) to pay out the insurance indemnity as a difference between the values of the insurance object before and after the insurable event and do not collect the remains of the insurance object;

7.5. The compensation of actual losses to be compensated for the insured moveable property that is no older than 5 (five) years and when it is specified in the insurance contract that the sum insured is determined in accordance with the new value principle, is equal to the amount of insurance object restoration costs calculated in accordance with the procedure set forth in sub-clauses 7.3.1., 7.4.1. or 7.4.2. of these Terms and Conditions without reducing it by the amount of depreciation.

7.6. The amount of actual losses determined by BTA for the damage or loss of the insurance object or a part thereof that was built from the materials, which at the moment of calculating the loss are not available on the market or use of which pursuant to the effective regulatory enforcements is forbidden (e.g. slate with admixture of asbestos) is equal to the minimum amount required to restore the damages or loss insurance object or a part thereof using materials equivalent to the damages or lost material in terms of construction characteristics and shape.

7.7. If BTA takes a decision to reimburse the Insured for the losses caused due to the insurable event by covering the moveable property repair costs and the Insured refuses to receive repair services at the service centre offered by BTA or to replace the lost or damaged moveable property with the equivalent, BTA is entitled to pay out the insurance indemnity in the amount of moveable property repair or replacement costs it would have cost to BTA.

7.8. The insurance indemnity is reduced by the amount paid to the Insured for the damages due to the insurable event by the third party responsible for these damages in accordance with the procedure set forth in regulatory enactments of the Republic of Latvia. The Insured is obliged to notify BTA if such amounts are received. If damages caused in such event are completely indemnified, the Insured is not entitled to claim for the insurance indemnity for a respective insurable event. If such amount is paid after receiving the insurance indemnity, the received insurance indemnity shall be paid back by the Insured to BTA.

7.9. BTA pays out the insurance indemnity without exceeding the sum insured and the sum insured – the loss compensation limit set forth in the insurance contract.

7.10. At its own discretion BTA pays out the insurance indemnity:

7.10.1. by paying the calculated loss amount in cash;

7.10.2. by paying for the repair of the damaged insurance object.

7.11. When calculating the insurance indemnity, the value added tax (VAT) is not included in the amount of losses. If BTA makes a decision to indemnify the Insured for the losses incurred due to the insurable event by covering the moveable property repair expenses, the said repair expenses are covered with the valued added tax (VAT) included.

7.12. The deductible is not deducted if, when paying out the indemnity, BTA is entitled to collect the loss in full from the insurance company registered in the Republic of Latvia in accordance with the compulsory civil liability insurance of owners of motor vehicle. In the event BTA is entitled to collect the loss in full from the owner of the property abroad, the deductible is deducted until the losses are compensated in full, then the deductible is refunded to the Insured.

8. Other Terms and Conditions

8.1. All disputes arising between the Parties of the insurance contract shall be settled by means of negotiations. If mutual agreement can not be 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 settled in court of the Republic of Latvia in accordance with regulatory enactments of the Republic of Latvia.

8.2. All issues not stipulated in these Terms and Conditions shall be settled in accordance with BTA General Insurance Terms and Conditions and regulatory enactments of the Republic of Latvia.

8.3. General Insurance Terms and Conditions approved by BTA Board Decision No. 2/20 on 18 March 2008; these Terms and Conditions are also published on the BTA website http://www.bta.lv.

8.4. These Terms and Conditions enter into force from the moment the BTA Board approves them.