

# TERMS AND CONDITIONS OF HOME INSURANCE K100/2017



Effective from 27.06.2017

This is an unofficial text. In case of the dispute the Estonian wording shall prevail

These terms and conditions of insurance (hereinafter also the Terms and Conditions) comprise a part of the insurance contract entered into with AB Lietuvos draudimas Estonian Branch (hereinafter PZU). The Terms and Conditions of Insurance are applied with the PZU General Terms and Conditions of Insurance Contracts. In any issues not regulated in the Insurance Terms and Conditions the parties to the insurance contract proceed from the Law of Obligations Act and other effective legislation.

## 1. Insured object

- 1.1.** The property specified in the Insurance Contract is the insured object. It can be a building, terraced house, semi-detached house, apartment, apartment ownership, civil engineering work and/or home contents. In addition to the insured object, the insurance also covers the claims related to the insured person's liability and/or the expenses of renting a temporary place of residence.
- 1.2.** The term **building** is defined according to the Building Code. A building is a construction work that has an interior space that is separated from the external environment by the roof and other parts of the building envelope.
- 1.2.1.** The main structures of the building; interior and exterior finish; built-in furniture; integrated kitchen appliances; internal power, gas, heating, water supply, sewerage, ventilation, cooling, fire extinguishing, communications and alarm systems as well as other stationary construction elements supplementing the functions of the building are insured with the building.
- 1.2.2.** The stationary external public utility lines such as gas, oil, heating, water supply and sewerage pipelines and electrical wiring up to the border of the registered immovable, but not further than the general connections (points of connection) within the borders of the registered immovable are also insured along with the building.
- 1.2.3.** The antennas, awnings, surveillance cameras, lamps, etc., installed on and permanently fixed to the external walls or roof of the building and any accessories of the building such as lamps, fence, gates, barriers, flagpoles, shelters, etc., small buildings of up to 20 m<sup>2</sup> in size and the material required for heating the building, which belong to the policyholder, are also insured with the building. The objects listed in this article are insured to the extent of 10,000 euros in total.
- 1.3.** In the case of a **terraced house and semi-detached house**, the insured object is a residence that is structurally delimited and can be separately used as well as parts thereof, and parts of the building that are in common ownership and are not physical shares. A part of the building in common ownership is an insured object to the extent corresponding to the size of the common ownership belonging to the policyholder.
- 1.3.1.** The objects specified in articles 1.2.1, 1.2.2 and 1.2.3 are also insured with the terraced house and the semi-detached house.
- 1.4.** In the case of an **apartment**, the insured object is a residence that is structurally delimited and can be separately used as well as parts thereof that can be altered without harming the parts of the building that

are in the common ownership of the apartment owners. The interior finish, built-in furniture, integrated kitchen appliances, floors, ceilings, non-load bearing partition walls, sanitary equipment, doors and windows, open and closed balconies, and the parts of the power, gas, heating, water supply, sewerage, ventilation, cooling, fire extinguishing, communications and alarm systems which only one apartment owner depends on are insured with the apartment. The basement and storage space belonging to the apartment are also insured with the apartment.

- 1.5.** In the case of an **apartment ownership**, the insured object is a residence that is structurally delimited and can be separately used as well as parts thereof, and parts of the building that are in common ownership of the apartment owners and are not physical shares. A part of the building in common ownership is an insured object to the extent corresponding to the size of the common ownership belonging to the policyholder. The basement and storage space belonging to the apartment are also insured with the apartment ownership.
- 1.5.1.** The objects specified in articles 1.2.1, 1.2.2 and 1.2.3 are also insured with the apartment ownership.
- 1.6.** The term **civil engineering work** is defined according to the Building Code. A civil engineering work is a structure that is not a building. For instance, lamps, fences, gates, barriers, flagpoles, shelters, outdoor pools, playgrounds, etc., are civil engineering works. Unless otherwise specified in the insurance contract, hydraulic constructions or port facilities (e.g. landing stage, breakwater, berth), wind mills with masts, solar panels with equipment, and the roads or pavements in the territory of the place of insurance are not considered insured civil engineering works.
- 1.7.** **Home contents** mean the movable property belonging to or legally possessed by the policyholder specified in the insurance contract and/or their family member. The damage caused to movable property in legal possession is subject to indemnification only if it has not been indemnified by someone else or in any other manner. Unless otherwise specified in the insurance contract, valuables including objects of antique or artistic value as well as objects made of precious metals and materials are insured among home contents to the extent of 4,000 euros.
- 1.8.** The spouse or partner living permanently with the policyholder in the place of insurance and their children, parents and dependants are considered the family members of the policyholder.
- 1.9.** Unless otherwise specified in the insurance contract, cash, securities, bonds, documents, plans, drawings, archives, information or software contained in an information processing system or on data media, motor vehicles, camper vans, aircraft and watercraft subject to registration, explosives, samples, models, property used in economic activity, living beings, plants and greenery are not considered insured objects.

## 2. Place of insurance

- 2.1.** The place of insurance is the building(s), internal premises of the building(s) and/or civil engineering works located at the address specified in the insurance

contract. The insurance contract only applies to an insured event that took place at the place of insurance specified in the insurance contract.

**2.2.** The insurance cover also applies to the home contents that constitute the insured object and are located in the yard of the policyholder's private house or terraced house at the address specified in the insurance contract if said home contents are meant for outdoor use. The insurance cover also applies to the home contents that constitute the insured object and are located in the locked basement or storage space belonging to the apartment that is used exclusively by the policyholder, or in an auxiliary building belonging to a private house or terraced house. The home contents named in this article in total are insured to the extent of 10% of the sum insured of home contents specified in the insurance contract.

The insurance cover does not apply to home contents if such contents are kept in public spaces (e.g. stairwell, attic, publicly used basement and storage space).

**2.3.** The home contents carried by the policyholder and/or their family members (e.g. in a car, at work, at school, on a holiday) are also insured outside the place of insurance specified in the insurance contract in the whole world to the extent of 1,000 euros. Only the following listed items are deemed to be insured within the scope of the carried home contents: laptop and tablet, mobile phone, portable audio, video and photographic equipment, clothes and footwear, bags and suitcases, jewellery, glasses, watches, bicycles, prams, sports equipment, mobility equipment (e.g. smart balance scooter), fishing equipment and technical aids of disabled persons. Any damage caused to home contents that are subject to indemnification by another person or in another manner are not subject to indemnification.

### 3. Insured event

**3.1.** Insured event means an unexpected, sudden and unpredictable event in respect of the policyholder and the insured person, in the course of which the insured object is damaged, destroyed or lost at the place of insurance during the term of the insurance cover. In the case of liability insurance cover, the damage caused to a third party will also be indemnified according to article 3.10. The insurer's indemnification obligation arises when an insured event takes place.

**3.2.** Insured events are:

- a) fire;
- b) water accident;
- c) burglary;
- d) vandalism;
- e) storm;
- f) flood;
- g) all risks insurance;
- h) liability insurance;
- i) rent of temporary housing.

#### **3.3. Fire**

**3.3.1.** In the event of fire, the damage caused to the insured object by the following is indemnified:

- a) fire, soot, smoke and fire extinguishing water;
- b) direct contact with lightning;
- c) explosion, incl. that of an explosive;
- d) crash of a piloted aircraft, its parts or its cargo.

**3.3.2.** Fire only means an open fire that started outside a designated fire place or has spread from the designated place and is able to spread on its own.

**3.3.3.** Direct contact with lightning means direct contact between a lightning channel and the insured object.

**3.3.4.** Explosion means the momentary force generated by the expansion of gas or steam.

**3.3.5.** The general exclusions of the insurance terms and conditions are given in article 6.

#### **3.4. Water accident**

**3.4.1.** In the event of water accident, the damage caused to the insured object by the following is indemnified:

- a) water, wastewater or other liquid or steam discharged as a result of a breakage from the

internal water supply, sewerage, heating or cooling system of the building or parts thereof;

- b) water or wastewater discharged as a result of a breakage from the internal stormwater drainage pipes of the building or a part thereof;
- c) water discharged as a result of a breakage of household appliances permanently collected in the internal water supply and sewerage system of the building and parts thereof;
- d) water discharged from a fish tank.

**3.4.2.** The repair costs of the utility system and pipeline of the insured building that caused the water accident are also indemnified to the extent of 1,000 euros.

**3.4.3.** In the event of a water accident, the damage caused directly or indirectly by water or wastewater that entered the building through the sewerage system as a result of natural phenomena are not indemnified.

**3.4.4.** The general exclusions of the insurance terms and conditions are given in article 6.

#### **3.5. Burglary**

**3.5.1.** In the event of burglary, the damage caused to the insured object by the following is indemnified:

- a) burglary or the theft of property by way of a break-in;
- b) robbery;
- c) vandalism.

**3.5.2.** Break-in means entering a properly closed building or a room thereof at the place of insurance through a door, window, wall, roof, etc., using a forged key, picklock or another mechanical tool or an illegally obtained key for removing the barrier or lock that prevented entry into the location of the property.

**3.5.3.** Robbery means gaining possession of the insured object by using or directly threatening to use physical violence.

**3.5.4.** Vandalism means damaging or destruction of the insured object intentionally by a third party.

**3.5.5.** The costs of restoring the fencing structures or parts thereof that were broken or damaged in the course of a break-in or robbery or attempted break-in or robbery are also indemnified.

**3.5.6.** The costs of replacement of locks and acquisition of new locks are also indemnified if the key or the lock code were removed from the possession of the policyholder or the person authorised by the latter in the course of a break-in or robbery. The costs of replacement of locks and acquisition of new locks are in such a case indemnified with the application of excess.

**3.5.7.** Damage is not indemnified in the case of burglary if the home contents carried by the policyholder and/or the family members of the latter were left in a visible place in a vehicle.

**3.5.8.** The general exclusions of the insurance terms and conditions are given in article 6.

#### **3.6. Vandalism**

**3.6.1.** In the event of vandalism, the damage caused to the insured object by the intentional damaging or destruction of the property by a third party indemnified.

**3.6.2.** The damage caused by the breakage of a glass surface of the building that is the insured object is also indemnified. The damage caused by the breakage of a glass surface is indemnified without the application of excess.

**3.6.3.** The damage caused to the insured building by theft of its parts is also indemnified.

**3.6.4.** The damage caused by theft of home contents (incl. burglary) is not indemnified in the case of vandalism.

**3.6.5.** The general exclusions of the insurance terms and conditions are given in article 6.

#### **3.7. Storm**

**3.7.1.** In the event of a storm, the damage caused to the insured object by the following is indemnified:

- a) storm;
- b) a tree or another object that fell on the insured object as a result of a storm;
- c) hail and ridged ice.

**3.7.2.** Storm means a gust of wind the strength of which is at least 18 metres per second. If the speed of the wind cannot be determined, storm means wind that caused

damage to structures or objects near the place of insurance that were in impeccable condition. Storm damage also means the damage to the insured object that could have only been caused by a storm.

- 3.7.3. The following is not indemnified in the event of a storm:
- damage caused directly or indirectly by a flood, incl. a flood caused by a storm;
  - damage caused by a fault in construction, material, design, installation, assembly or fabrication, unsuitable or defective material or product, or substandard work.

3.7.4. The general exclusions of the insurance terms and conditions are given in article 6.

### **3.8. Flood**

3.8.1. In the event of a flood, the damage caused to the insured object by the following is indemnified:

- storm;
- precipitation;
- flooding of bodies of water.

3.8.2. Flood only means a natural flood caused by a storm, precipitation (incl. melting snow) or the flooding of a body of water. A natural flood means an extraordinary rise in the water level resulting in unusual quantities of water that the ground and/or properly established drainage system (incl. drainage and sewerage system) cannot absorb.

3.8.3. The damage caused by the breakage of a dam or other protective structure in the event of a flood is not indemnified.

3.8.4. The general exclusions of the insurance terms and conditions are given in article 6.

### **3.9. All risks insurance**

3.9.1. The damage caused to the insured object by an unexpected, sudden and unforeseeable event, which has not been determined in articles 3.3 to 3.8, is indemnified in the case of all risk insurance.

3.9.2. In the case of all risks insurance events concerning computers (incl. desktop, laptop and tablet computers) and devices connected to computers, mobile phones and portable audio, video and photographic equipment, one insured event will be indemnified each year of the insurance period.

3.9.3. The following is not indemnified in the case of all risks insurance:

- damage caused to home contents and integrated kitchen equipment that are more than four years old due to their own internal electrical or mechanical failures or faults;
- damage caused to the utility systems of the building (heat pump, boiler, ventilation device, etc.) that are more than four years old due to disruptions, faults or voltage fluctuations in the power supply and the insured object's own internal electrical or mechanical failures or faults;
- damage caused to motor vehicles, agricultural machinery and equipment, trailers, semi-trailers, lawn tractors and mowers, robot lawn mowers and other items in the course of their use, transport and/or operation;
- damage caused by a fault in construction, material, design, installation, assembly or fabrication, unsuitable or defective material or product, or substandard work.
- damage caused by construction, renovation, installation, maintenance or reconstruction works;
- damage caused to the movable property outside a building or in an open building by wind, rain, snow, frost or other natural phenomenon, sand or dust, if said property is not meant for outdoor use;
- damage caused by the insured object being lost, left behind or stolen. The theft of garden and terrace furniture, a trampoline, radiator, smoke or barbecue oven, grill and robot lawn mower from the yard of a private house or terraced house is subject to indemnification on the condition that the item was stolen from an area surrounded by a fence;
- damage caused to sports equipment, fishing equipment and mobility equipment, incl. bicycles,

scooters, smart balance scooters, children's electric cars, etc., in the course of their ordinary use.

3.9.4. The general exclusions of the insurance terms and conditions are given in article 6.

### **3.10. Liability insurance**

3.10.1. An insured event means any unexpected, sudden and unforeseeable unlawful damage caused to a third party resulting in the obligation of the policyholder and/or their family members to compensate for such damage pursuant to law. The spouse or partner living permanently with the policyholder in the place of insurance and their children and dependants are considered the family members of the policyholder.

3.10.2. The damage is indemnified if the policyholder and/or their family member is guilty of causing the damage and/or liable for causing the damage pursuant to law.

3.10.3. The insurance cover also extends to damage caused by pets for which the policyholder and/or their family member is liable pursuant to law. A pet is an animal kept or meant for keeping for personal entertainment or company. Animals the keeping of which as pets is prohibited and animals used or exhibited in economic activities (e.g. farm, riding farm, zoo) are not deemed to be pets.

3.10.4. In the case of a policyholder who is a legal entity the liability insurance cover only extends to liability arising from the ownership, possession or management of a building, part of a building, rooms in a building, registered immovable or civil engineering work.

3.10.5. The insurance contract applies to the insured event whereby the unlawful act that resulted in the insured event and caused damage to a third party took place in the territory of the Republic of Estonia.

3.10.6. Liability insurance cover in respect of the claims related to the ownership, possession or management of a building, part of a building, rooms in a building, registered immovable or civil engineering work is valid only in the places of insurance listed in the property insurance section of the same insurance contract.

3.10.7. The insurance cover extends to a claim of which PZU is notified within one year of the expiry of the insurance period, if the insured event resulting in such claim occurred during the insurance period.

3.10.8. All of the claims arising from the same cause and/or event are deemed to be the same insured event. The time of occurrence of the first event is deemed to be the time of occurrence of the insured event.

3.10.9. Legal costs of liability insurance mean, for the purposes of these terms and conditions, the amount spent on legal assistance, expert analyses and judicial proceedings by the insured person upon processing claims. PZU indemnifies the legal costs if incurring them was necessary in order to object to the claim and protect the rights of the insured person. Only the legal costs approved by PZU in advance are subject to indemnification.

3.10.10. The damage or costs, the cause or content is the following, are not indemnified in the case of liability insurance:

- damage related to the economic activities and/or manufacturer's liability or employer's liability of the policyholder and/or their family member;
- loss of profit;
- non-material damage;
- a public promise to pay;
- negotiorum gestio;
- serious negligence or intent;
- unjust enrichment;
- risk liability and a major source of danger, except for a watercraft, aircraft or land vehicle (boat, drone, car, etc.), excl. non-power driven land vehicles (e.g. bicycle);
- an event that the policyholder and/or their family member was aware of before entering into the insurance contract;
- mutual claims of the policyholder, their family members and related persons;
- employment or service relationship;

- l) disputes under family law;
- m) *Force majeure*;
- n) pollution and other environmental damage;
- o) fines, default interest and other sanctions added to the damage;
- p) asbestos, diethylstilbestrol, dioxin, toxic mould, infectious disease (incl. AIDS) or infection;
- q) explosives, weapons, radioactive substance;
- r) contractual liability;
- s) damaging, loss or destruction of third party property given in the possession or deposit of the policyholder;
- t) claims related to holes, cracks and gashes caused by natural wear or a construction fault;
- u) compulsory insurance (incl. motor third party liability insurance and the liability arising from the Pollution Act, the Railways Act and the Liquid Fuel Act);
- v) the visible or known poor condition of a building or a part thereof (e.g. leakage from a pipe that needs to be repaired) and disregard of the duty of care (e.g. ignoring the need for repairs or failure to take the primary measures for the prevention of damage).

### 3.11. Rent of temporary housing

- 3.11.1. If the policyholder's permanent housing becomes inhabitable as a result of an insured event, the costs of finding and renting equivalent temporary housing and moving there and back are indemnified. Loss of rent is also indemnified if the insured residential premises had been given on rent, but became inhabitable as a result of the insured event. The costs of and income from rent are indemnified to the extent of 12 months, but not longer than until the restoration or replacement of the permanent housing. The costs of and income from rent of temporary housing indemnified without the application of excess.
- 3.11.2. The utility payments, default interest and contractual penalties related to the temporary housing are not subject to indemnification.
- 3.11.3. The costs of rent of temporary housing are not indemnified to persons who use the structure insured under the insurance contract on the basis of a lease. The expenses of finding and moving to temporary housing are indemnified.

## 4. Insured risk and increase in probability of insured risk

- 4.1. Insured risk means a threat against which insurance is obtained.
- 4.2. The policyholder must immediately notify PZU of any increase in the probability of the insured risk, unless such increase is caused by a commonly known factor that does not affect the insured risk of this policyholder alone.
- 4.3. After entering into the insurance contract, the policyholder may not increase the probability of the insured risk or permit persons for whom they are responsible to do so without the consent of PZU.
- 4.4. If the policyholder breaches the obligation of notification or the obligation to prevent the risk from increasing, then PZU will be released from the obligation to perform the insurance contract if the insured event occurs after one month has passed from the moment when PZU should have received the notice, except when PZU knew or should have known about the possibility of an increase in the insured risk at the moment when it should have received the notice.
- 4.5. A circumstance that increases the probability of an insured event occurring (e.g. construction and/or renovation works) or the scale of the damage caused is deemed to be a circumstance that increases the insurance risk. The policyholder may not increase the insurance risk without the consent of PZU.
- 4.6. In addition to the example given in article 4.5, the circumstances about which PZU requests information from the policyholder before entering into the insurance contract are primarily deemed to be the significant

circumstances that increase insurance risk. Failure to comply with a special condition, additional condition, safety requirement or agreement about insurance risk that has been stipulated in the insurance contract is also a significant circumstance that affects the insurance risk. PZU has the right to inspect the insured object during the insurance period and if the insurance risk has increased, it has the right to demand that the policyholder take additional security measures and/or increase the insurance premiums. The above does not preclude PZU's right to cancel the insurance contract. In addition to the provisions of these Terms and Conditions, the parties proceed from the regulation concerning the increase in the probability of insurance risk set out in the General Terms and Conditions of Insurance Contracts of PZU in the performance of the insurance contract.

### 4.7.

### 4.8.

## 5. Additional costs subject to indemnification

- 5.1. In the case of home contents insurance and all risks insurance, the insurance cover extends to the damage caused to the policyholder and/or their family member by the theft or robbery of a bankcard in Estonia. The cash unlawfully withdrawn from the bankcard from an ATM and the damage caused by unlawful payments with the card are indemnified to the extent of 1,000 euros. The insurance cover applies to the aforementioned events that occurred within 48 hours of the theft or robbery. The damage caused by the data of the bankcard (copied PIN, data theft online, etc.) falling into the hands of another person is not indemnified. Any damage subject to indemnification by another person or in another manner (i.e. by the bank) is not subject to indemnification.
- 5.2. In addition to the material damage caused by the insured event, the justified costs specified below are indemnified to the extent of up to 10% of the sum insured of the insured object, but for no more than 100,000 euros. If the sum insured of a structure has not been agreed in the insurance contract, the sum insured will be equal to the reinstatement value of the structure. The costs in question shall also be compensated in cases where the total amount of material damage and listed costs exceeds the sum insured.
- 5.3. PZU indemnifies the following:
  - 5.3.1. the costs of prevention or reduction of damage in the case of an insured event even if they did not produce the desired result;
  - 5.3.2. the costs necessary for the demolition, cleaning and rubbish removal as a result of an insured event;
  - 5.3.3. the costs caused by an insured event that arise from the requirements and precepts of state and local government agencies and agencies operating in their area of administration upon the restoration of the insured object.
- 5.4. PZU does not indemnify for the following:
  - 5.4.1. the costs that arose from the requirements and precepts of state and local government agencies and agencies operating in their area of administration before the insured event;
  - 5.4.2. the costs of elimination of environmental pollution;
  - 5.4.3. the costs of state and local government agencies, incl. the Rescue Board.

## 6. Preclusions

The preclusions set out in this article are applied to all the insured events specified in the terms and conditions of insurance. PZU does not indemnify for the damage or costs caused directly or indirectly by:

- 6.1. military action, act of terrorism, riot, mass unrest, strike, uprising, revolution, coup d'état, emergency situation, expropriation, confiscation or another similar event;
- 6.2. the use of nuclear energy for any purpose or losing control of such energy, radioactive radiation and radioactive contamination;
- 6.3. blasting or mining operations;

- 6.4. landslide and earthquake;
- 6.5. cyber crime or software error;
- 6.6. an initially present defect, internal error, hidden deficiency and gradual deterioration of the qualities of the insured object, ageing, wear of material or changes in temperature, colour, taste, scent, texture or finishing qualities;
- 6.7. decaying, moulding, corrosion, erosion, rusting rotting, shrinkage, evaporation, weight loss, dampness, dryness, spoilage or other such long-term process or phenomenon;
- 6.8. deficiencies of aesthetic nature (e.g. scratches, dents, notches, stains, tears, changes in colour) that do not affect the use of the insured object for its intended purpose;
- 6.9. microorganisms (fungi, dry rot, etc.), pets, birds, plants, rodents, pests or insects;
- 6.10. subsidence, cracking, shrinkage or expansion of the building;
- 6.11. the costs of maintenance of the insured object and costs of the spare parts replaced in the course of maintenance;
- 6.12. pollution with position, soot, sediment, dust, etc., unless the pollution was caused by the events specified in articles 3.3 to 3.8;
- 6.13. damage for which a third party is liable on the basis of a contract or the law (incl. the Motor Insurance Act), incl. as the guarantor;
- 6.14. specific nature of the insured object;
- 6.15. inexpedient use of the insured object;
- 6.16. water or snow (incl. melting snow and ice) penetrating the building through its structures;
- 6.17. precipitation that penetrated the structure through unclosed openings or building structures, unless the openings emerged due to the circumstances listed in article 3.7.1;
- 6.18. movement or weight of ice and/or snow.

## 7. Sum insured and insurable value

- 7.1. The sum insured is the biggest sum payable per insured event. If the total amount of the material damage and the costs listed in article 5.3 still exceeds the sum insured, the costs listed in article 5.3 are indemnified for in addition to the sum insured, and the limits set out in article 5.2 are thereby also taken into account. The sum insured will not decrease when the indemnity is paid out.
- 7.2. Insurable value means the value of insurable interest at the time of occurrence of an insured event. The policyholder must inform PZU about the correct insurable value.
- 7.3. The insurable value of a structure means the reinstatement value or the cost of restoration of a similar new structure. If the sum insured of a structure has not been agreed in the insurance contract, the sum insured will be equal to the reinstatement value of the structure.
- 7.4. The insurable value of home contents is means the reacquisition value or the cost of reacquisition of equivalent property (having similar technical qualities). The insurable value of objects of art, collections, antiquities, motor vehicles, agricultural machinery and equipment, trailers and semi-trailers, computers (incl. desktop, laptop and tablet computers) older than six months and equipment connected to computers, mobile phones, portable audio, video and photographic equipment is their market value or the cost of reacquisition of equivalent property (having the same technical qualities). The age of a device is calculated from the day it was purchased in brand new condition.
- 7.5. In respect of liability insurance risks, the sum insured is the maximum limit of all indemnities, incl. legal costs.

## 8. Underinsurance, overinsurance and multiple insurance

- 8.1. Underinsurance means a situation where the sum insured of the insured object is lower than its insurable value. The terms and conditions concerning underinsurance are not applied in PZU's home insurance product.

- 8.2. Overinsurance means a situation where the sum insured is higher than the insurable value of the insured object. Overinsurance is identified separately for each insured object.
- 8.3. Multiple insurance means a situation where the insured object has been partially or fully insured against the same insured risk by the same insurer or multiple insurers and the total amount of the indemnities payable by the insurers would exceed the amount of damage or the total sums insured would exceed the insurable value. The insurers bear joint and several liability in the event of multiple insurance.

## 9. Obligations of the policyholder

- 9.1. The policyholder's family members, the persons who share the same household with the policyholder as well as the lawful possessors of the insured object or the persons who use the insured object with the consent of the owner or the lawful possessor (incl. tenants) are deemed to be persons entitled under the policyholder. The persons who are staying at the place of insurance to the knowledge of the policyholder irrespective of whether or not their presence at the place of insurance is lawful (a tenant does not move out after the expiry of the lease, the seller of the immovable does not leave by the due date, etc.) are also deemed to be persons entitled under the policyholder. The contractual obligations of the policyholder also apply to the persons entitled under the policyholder.
- 9.2. The policyholder is obliged to:
  - 9.2.1. follow the legislation effective in the Republic of Estonia, the user manuals of equipment manufacturers, the safety requirements set out in the insurance contract and the special and additional terms and conditions of the insurance contract;
  - 9.2.2. explain the obligations arising from the insurance contract to the persons entitled under the policyholder;
  - 9.2.3. allow the representative of PZU to examine the place of insurance, the objects to be insured and the documents required for entering into the insurance contract;
  - 9.2.4. submit full and correct information for the assessment of the insurance risks and upon entering into the insurance contract provide information about all of the significant circumstances known to the policyholder, which affect the decision of PZU to enter into the insurance contract or to do so on the agreed terms and conditions;
  - 9.2.5. immediately inform PZU about any increases in the probability of an insurance risk (e.g. if any changes take place in comparison with the situation specified in the insurance contract);
  - 9.2.6. make every effort to prevent an insured event and reduce possible damage, prevent an increase of the probability of the insurance risk and not allow the persons entitled under the policyholder to do this;
  - 9.2.7. immediately inform about the emergence of multiple insurance;
  - 9.2.8. immediately inform about the transfer of the insured object.
- 9.3. Upon the occurrence of an insured event, the policyholder must:
  - 9.3.1. immediately take measures to save the insured object, prevent an increase in damage and reduce the damage;
  - 9.3.2. immediately inform the following about the event:
    - a) the police if the activity of a third party is suspected;
    - b) the local Rescue Board in the event of a fire or the explosion of an explosive;
    - c) the competent authority or person in all other cases.
  - 9.3.3. inform PZU about an insured event personally or through a representative as soon as possible after becoming aware of it, but not later than within five working days. If the exact time of the occurrence of the insured event cannot be determined, the insured event will be deemed to have occurred at the moment when the policyholder or the person entitled under the policyholder should have learned about it;

- 9.3.4. where possible, keep the scene of the insured event intact until receiving instructions from PZU;
- 9.3.5. follow the instructions received from PZU.
- 9.4. The policyholder must present the damaged property in the state it is in after the insured event or its remains to PZU for inspection. The policyholder may not start restoring the damaged property or utilising the destroyed property without the consent of PZU.
- 9.5. The policyholder must cooperate fully with the insurer and submit to PZU the entirety of the information available to the policyholder, which is necessary for determining the contractual obligations of PZU, incl. any and all documents regarding the causes and scale of the damage, and authorise PZU to obtain the required information and documents.
- 9.6. If a stolen or robbed insured object is returned or its location is determined, the policyholder must inform PZU about this immediately in writing or in a format that can be reproduced in writing.
- 9.7. If a third party indemnifies the damage, the policyholder must immediately inform PZU about this.
- 9.8. The above list of the policyholder's obligations is not exhaustive. The other obligations may be included in the other articles of these terms and conditions, the general terms and conditions of insurance contracts and in other documents of the insurance contract.

## 10. Safety requirements

- 10.1. The policyholder and the persons entitled under the policyholder are obligated to follow the safety requirements that arise from the legislation effective in the Republic of Estonia, the user manuals of equipment manufacturers and the insurance contract.
- 10.2. The automatic fire alarm must be in working order, turned on all day and designed, installed and regularly maintained according to effective legislation.
- 10.3. All of the doors, windows, hatches and other openings of the building or room of the place of insurance must be closed and locked in such a manner that the obstacle or lock that obstructs access to the location of the property cannot be removed and the place of insurance cannot be entered without a forged key, picklock or any other mechanical tool or an unlawfully obtained key. Keys and access codes must be used in such a manner that they will not end up in the possession of third parties. The policyholder must replace the lock or code immediately if the key or code is lost or falls into unlawful possession.
- 10.4. The automatic security alarm system must be in working order and regularly maintained, in the case of a threat it must become activated and guarantee that the alarm signal is sent. The automatic security alarm system must be turned on when leaving the building or room. The codes of the security alarm system may not end up in the possession of third parties and the keypad of the security alarm system must therefore be installed in such a manner that third parties cannot see the code being entered.
- 10.5. The water supply, sewerage, heating and cooling system of the building must be regularly maintained and protected from freezing. The water supply, sewerage, heating and cooling systems located in buildings or parts of buildings that are not used during a particular period and/or not heated during the cold season must be closed, emptied and kept empty.
- 10.6. All of the doors, windows, hatches and other openings of the building or room at the place of insurance must be closed in such a manner that precipitation cannot enter through these openings.
- 10.7. In the event of construction or repairs works at the place of insurance, the policyholder must comply with the requirements arising from the Building Code and the requirements established by the apartment ownership if there is an apartment ownership, and all other elementary building practices. The user manuals provided by the manufacturers of the equipment and substances used during the construction and/or renovation works must also be followed.

## 11. Obligations of PZU

- PZU is obliged to:
- 11.1. introduce to the policyholder the documents relating to the insurance contract before signing the insurance contract;
  - 11.2. not disclose the information that became known to it in connection with the insurance contract;
  - 11.3. initiate the loss adjustment process immediately after receiving a loss notice from the policyholder and identify the scale of the damage to be indemnified;
  - 11.4. register a loss notice and introduce the procedure for solving insured events and indemnifying damage to the policyholder;
  - 11.5. inform the policyholder as soon as possible of the documents required for identifying the cause and scale of the damage resulting from an insured event;
  - 11.6. make a decision on the indemnification of damage or refusal to indemnify not later than within 10 working days as of the receipt of all the required documents and identification of the size and the circumstances of occurrence of damage. If misdemeanour proceedings have been initiated, PZU has the right to postpone making the decision for as long as the judgment made about the person as a result of the misdemeanour proceedings (judgment made by a court or a body conducting extrajudicial proceedings) or the decision to terminate the misdemeanour proceedings enters into force.
  - 11.7. If PZU amends the standard terms and conditions and/or the insurance premium during the term of the insurance contract, the amendment is explained to the policyholder when it is sent to them.

## 12. Insurance indemnity and types of indemnification

- 12.1. Insurance indemnity means the sum of money that is paid out as compensation for the material damage suffered as a result of an insured event and for the costs agreed in the insurance contract.
- 12.2. The maximum insurance indemnity per one insured event is limited to the sum insured. If the total amount of the material damage and the costs listed in article 5.3 exceeds the sum insured, the costs listed in article 5.3 are indemnified for in addition to the sum insured, and the limits set out in article 5.2 are thereby also taken into account.
- 12.3. The types of indemnification include monetary indemnity and indemnification for the costs of restoration of the damaged object, incl. repair and renovation or replacement of the insured object with an equivalent one. The type of indemnification is determined by PZU.
- 12.4. PZU has no obligation to indemnify the damage if the insured person has come to an agreement with the claimant or indemnified the claim or a part thereof before the actual scale of the damage has been proven and/or the insured person's indemnification obligation is debatable. Neither is PZU obliged to settle the claim if the insured person waives their claim against a third party, provided that the indemnity could have been claimed from the third party if the insured person had not waived their claim.

## 13. Excess

- 13.1. Excess means the part of the damage subject to indemnification specified in the insurance contract that must be paid by the policyholder in the case of each insured event. The sum of excess is always paid by the policyholder and not indemnified by PZU. Excess is subtracted last from the amount subject to indemnification.
- 13.2. Excess is not applied in the case of an insured event of fire or storm if the structure that is the object of insurance was destroyed to the extent of more than 50%.
- 13.3. Excess is not applied to legal costs in the case of liability insurance.
- 13.4. The triple rate of the excess specified in the policy, but not less than 600 euros, is applied when damage caused

by construction and renovation works are indemnified for.

- 13.5.** The excess in the case of all risks insurance events concerning computers (incl. desktop, laptop and tablet computers) and devices connected to computers, mobile phones and portable audio, video and photographic equipment is 300 euros. The rate of excess specified in the insurance contract is applied if the main excess specified in the insurance contract is higher than the scale of the excess specified above.

#### **14. Procedure for indemnification**

- 14.1.** Upon the occurrence of an insured event PZU indemnifies the material damage and the costs agreed in the insurance contract. The insurance indemnity is calculated on the basis of the insurable value of the object of insurance damaged, destroyed or lost as a result of the insured event immediately before the occurrence of the insured event.
- 14.2.** The sum insured consists of the sum required for the restoration or reacquisition of the insured object that was damaged, destroyed or lost as a result of an insured event and for indemnification for the costs specified in article 5.3, and the limits established in article 5.2 will thereby be taken into account.
- 14.3.** PZU indemnifies the amount of damage without applying the conditions concerning underinsurance.
- 14.4.** In the case of overinsurance, PZU indemnifies the amount of damage up to the insurable value.
- 14.5.** The amount of damage is indemnified to the beneficiary, except for liability insurance where the damage is indemnified to the policyholder or, with the consent of the latter, to the person who suffered the damage. If no beneficiary is specified in the insurance contract, the policyholder is deemed to be the beneficiary.
- 14.6.** The insured person and/or the beneficiary has the right to the part of the indemnity that exceeds the structure's residual value before the insured event if the insurance indemnity is used to restore a structure of the same type and function at the same location within two years of the indemnification decision. The part of the insurance indemnity that exceeds the residual value of the structure before the insured event is indemnified on the basis of the calculation submitted for restoration of the structure if the restoration has achieved a ratio proportionally equal to ratio of the residual value of said property before the insured event and the reinstatement value of the structure. Residual value means reinstatement value less the wear and tear of the building.
- 14.7.** PZU has the right to set-off the obligations assumed under the insurance contract and the parts of the insurance premium payable until the end of the insurance period pursuant to the insurance contract.
- 14.8.** If the policyholder or beneficiary regains possession of stolen or robbed property after the insurance indemnity has been paid out, the property must be handed over to PZU or the insurance indemnity must be repaid.
- 14.9.** The policyholder must repay the insurance indemnity to PZU if any circumstances precluding indemnification have become evident after the damage was indemnified or if a third party has indemnified the damage pursuant to the procedure provided by law.
- 14.10.** Any disputes arising from insurance contracts will be resolved pursuant to the procedure set out in the General Terms and Conditions of Insurance Contracts.
- 14.11.** All of the insured person's rights of claim against third parties will transfer to the insurer after the damage has been indemnified.

#### **15. Release from obligation to perform insurance contract**

PZU will be partially or fully released of the obligation to perform the insurance contract if:

- 15.1.** the policyholder or a person entitled under the policyholder has breached at least one of the obligations set out in article 9 or 10 and there is a causal link between

the failure to perform said obligations and the occurrence of the insured event and/or the damage that emerged as a result thereof;

- 15.2.** the insured event has occurred due to the gross negligence or intent on the part of the policyholder, a person entitled under the policyholder or the beneficiary;
- 15.3.** the insured event was caused by the activity of the policyholder or a person entitled under the policyholder under the influence of alcohol, drugs or other psychotropic substances;
- 15.4.** upon the entry into the insurance contract the policyholder or the beneficiary has submitted false data about important risk factors (e.g. previous damage, the type, status and function of the building, etc.) or the circumstances of the occurrence of damage and/or the scale of the damage.

#### **16. Refunding insurance indemnity**

- 16.1.** The policyholder must repay the insurance indemnity to PZU if any circumstances precluding indemnification have become evident after the damage was indemnified or if a third party has indemnified the damage pursuant to the procedure provided by law.

#### **17. Insurance contract entered into for longer than 12 months**

- 17.1.** If an insurance contract is entered into for longer than 12 months, PZU has the right to amend the standard terms and conditions and/or the insurance premium of the insurance contract, but not with regard to the first 12 months of the insurance contract.
- 17.2.** If an insurance contract is entered into for a period longer than 12 months, the policyholder may withdraw from the contract within 14 days after entering into the contract. Sending a withdrawal application within the term is sufficient for adherence to the term. The term will not start before PZU has informed the policyholder of the right of withdrawal and the policyholder has confirmed receipt of the information with their signature. If the policyholder is not informed of the right of withdrawal, the right of withdrawal shall terminate as of one month passing from the payment of the first portion of the insurance premium.
- 17.3.** If an insurance contract is amended during its term of validity, PZU will send the new policy and amended contract documents to the policyholder and the old policy will become invalid as of the issue of the new policy.
- 17.4.** Upon amendment of a contract, the amended contract documents shall be sent to the e-mail address communicated to PZU or, upon absence thereof, to the postal address given to PZU, at least 14 days before the date of entry into force of the amendments. An amendment may not be retroactive. Sending said documents to the provided e-mail address or postal address is deemed to be delivery of the documents.
- 17.5.** If a policyholder does not consent to the amendment of an insurance contract, the policyholder may terminate the insurance contract within 14 days as of the entry into force of the amendments. Sending an application within the term is sufficient for adherence to the term. The term will not start before PZU has informed the policyholder of the right of withdrawal and the policyholder has confirmed receipt of the information with their signature. If the policyholder is not informed of the right of cancellation, the right of cancellation shall expire within one month as of payment of the portion of the insurance premium following the entry into force of the amendment.

#### **18. PZU Koduabi**

- 18.1.** PZU Koduabi (Home Assistance) provides 24-hour first aid in the case of unexpected, sudden and unforeseeable accidents at home. All of the first services listed below are free of charge for the home insurance clients of PZU.

- 18.2.** Koduabi provides the following services:
- a) counselling on how to behave in the case of an unexpected, sudden and unforeseeable accident and prevent greater damage if possible;
  - b) arrival of the emergency service provider at the scene of the event;
  - c) if necessary, the place of insurance is physically guarded until the openings caused as a result of the insured event are temporarily closed, but for no longer than 12 hours;
  - d) after the occurrence of the insured event, the structure that is the insured object will be temporarily repaired, covered or strengthened with temporary means in order to protect the property from the impact of external factors or an increase in damage;
  - e) Koduabi helps to eliminate the accident in the case of a water accident and flood. Thawing frozen pipes or elimination of blockages is not an insured event under water accident cover;
  - f) Koduabi helps to repair or change the lock in the case of burglary or vandalism;
  - g) Koduabi will repair or change the lock if the lock was broken or the keys were stolen as a result of an insured event.
- 18.3.** The Koduabi service only applies to the insured event with regard to which the insurance contract was entered into. The respective insurance cover, which is the precondition to the provision of the Koduabi service, must be chosen in the insurance contract.
- 18.4.** The Koduabi service only applies in the case of an unexpected, sudden and unforeseeable accident that occurred at the place of insurance.
- 18.5.** Koduabi only indemnifies the reasonable and justified costs that help reduce the scale of the damage immediately after the insured event and restrict the further spread of the damage.
- 18.6.** The Koduabi service is not provided if the policyholder has not taken any measures to prevent recurring damage (e.g. the policyholder does not replace a broken pipe, door lock, etc.).
- 18.7.** The PZU Koduabi service is only valid if ordered by calling the contact number of PZU. The Koduabi service is not subject to indemnification if it was ordered in any other manner.