

Terms and conditions of property insurance

Valid from 24.04.2020



General terms and conditions of property insurance V100/2020

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. These Terms and Conditions of Property Insurance are applied with the PZU General Terms and Conditions of Insurance Contracts. In any matters not regulated hereunder, the parties to the insurance contract shall be governed by the PZU General Terms and Conditions of Insurance Contracts, the Law of Obligations Act and other legislation.

1. Insured object

- 1.1.** The object of insurance shall be the property specified in the insurance contract.
Such property may be the following:
- buildings, i.e. building, parts of building, structure and interior;
 - inventory and equipment (incl. machinery);
 - goods (incl. materials, raw-material, semi-finished goods and finished goods);
 - other property specified in the insurance contract.
- 1.2.** The definition of **building** is based on the Building Code. A building is a construction that has an interior space that is separated from the external environment by a roof and other parts of the building envelope.
- 1.2.1.** Together with the building, its main structures, interior and exterior finishing, built-in furniture, internal and permanently installed 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) within the territory of the immovable 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 or the roof 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 15,000.
- 1.2.4.** Upon insuring a **part of a building**, the insured object is, on the basis of an agreement between co-owners, the interior used by the insured person (in accordance with clause 1.4) and the public part of the building that corresponds to the size of the insured person's legal share (e.g. roof and the building envelope), taking into account the restrictions given in clauses 1.2.2-1.2.3.
- 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. Unless otherwise specified in the insurance contract, hydraulic structures and port facilities (e.g. moorings, breakwaters, piers, etc.), wind generators with masts, solar panels and related equipment, car parks on the territory of the place of insurance, roads and sidewalks, soil, tennis courts, pools and ponds are not regarded as insured structures.
- 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 only the possessor of the insured interior space(s) is dependent. Interior is treated as part of the building.

- 1.5.** **Inventory and equipment** (incl. machinery) are tangible assets used for the company's economic activity that are located at the place of insurance 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 may also be 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 15,000 euros.
- 1.5.2.** If inventory and equipment are insured without the list of objects of insurance, an object of insurance is deemed as being all tangible assets (fixed assets and supplies) located at the insurance location with the exception of buildings, goods and assets listed in clause 1.7. An insured object also includes inventory and equipment acquired during the period of insurance.
- 1.5.3.** Inventory and equipment that are not included in the list of fixed assets and supplies of the insured person but that are in the possession of the insured person and in respect of which the insured person has insurable interest are insured with the objects specified in clause 1.5.2. The above assets are insured within the limit of indemnity for the assets listed in clause 1.5.2 in the maximum extent of 5,000 euros unless the insurance of the above assets to another extent has been agreed in the policy.
- 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 which have been produced or purchased with the purpose of sale.
- 1.7.** Unless otherwise specified in the insurance contract, cash, securities, bonds, documents, plans, drawings, archives, information and software (an operation system that is part of the basic computer set, e.g. Windows, is insured with the computer) in the data processing system or data medium, motor vehicles subject to registration, aircraft and watercraft, docks, buoys and other offshore objects, underground machinery, weapons, ammunition, explosives, samples, models, exhibition exhibits, objects of antique or artistic value, objects made of precious metals and materials, living beings, plants and greenery **are not deemed as being objects of insurance.**

2. Insurance location

- 2.1.** The insurance location is the address or location specified in an insurance contract, where the building(s), part(s) of building(s), interior space(s) and/or structure(s) are located. 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 and if the insurance cover of fire, storm, flood and all-risk are selected in the policy.

3. Sum insured and Insured value

- 3.1.** The sum insured is the largest amount paid per insured event. If the total amount of the expenses of restoring or repurchasing an insured object damaged, destroyed or stolen as a result of an insured event and the total amount of the expenses listed in clause 5.1 exceeds the sum insured, the additional expenses listed in clause 5.1 shall be indemnified in addition to the sum insured, and the limits established in clause 5.2 shall thereby be taken into account. Sum insured shall not decrease upon payment of the insurance indemnity.
- 3.2.** 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.
- 3.2.1.** Insured value of a building is the reinstatement value or residual value.
- 3.2.1.1.** The reinstatement value means the expenses incurred for the restoration of a similar building.
- 3.2.1.2.** 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.
- 3.2.2.** The insured value of inventory and equipment is the reacquisition value or market value.
- 3.2.2.1.** The reacquisition value means the expenses incurred for the reacquisition of the new equivalent property (with the same technical specifications).
- 3.2.2.2.** 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.
- 3.2.3.** 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, same depreciation and technical specifications).

4. Insured event

- 4.1.** An insured event is the damage, destruction or burglary of the insured object due to an unexpected and unforeseeable event. Upon occurrence of an insured event, PZU shall have an obligation to indemnify damage.
- 4.2.** Insured events are the following:
- fire;
 - water accident;
 - burglary;
 - vandalism;
 - storm;
 - flood;
 - all-risk;
 - breaking of an advertising structure.
- 4.3. Fire**
- 4.3.1.** In the case of a fire, damage caused to the object of insurance shall be indemnified for if such damage has been caused by:
- fire, smoke arising therefrom, soot and fire-extinguishing water;
 - direct hit by a lightning strike;
 - overvoltage caused by lightning strike;
 - explosion, incl. explosion of an explosive device;
 - crash of an aircraft, parts or load thereof.
- 4.3.2.** Fire means only open fire started outside the prescribed place or broken out of the prescribed place and spreading on its own.
- 4.3.3.** Direct hit by a lightning strike means direct contact between a lightning channel and the insured object.
- 4.3.4.** Overvoltage damage due to a direct hit by a lightning strike shall be indemnified for up to 50,000 euros. Such damage can be insured with a higher limit under all-risk.
- 4.3.5.** Explosion means momentary force generated upon expansion

of gas or steam. 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 sharp levelling of pressure differences inside and outside of the vessel. If the explosion occurs inside the vessel due to a chemical reaction, the damage shall also be indemnified for if the wall of the vessel has not broken.

4.3.6. Exclusions of fire

The following shall not be indemnified:

- damage occurring upon 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 due to underpressure;
 - damage caused due to blasting works.
- 4.3.7.** If any event specified in clause 4.3.6 causes a fire, the damage caused thereby shall be indemnified.
- 4.3.8.** In addition to the exclusions of fire, general exclusions given in clause 6 also apply.
- 4.4. Water accident**
- 4.4.1.** In the case of a water accident, the damage caused to the insured object by the following shall be indemnified:
- water, wastewater or other liquid or steam escaped from the in-house water supply, sewerage, heating or cooling system or parts thereof due to breakage;
 - water, wastewater or other liquid or steam escaped from the in-house water supply, sewerage, heating or cooling system or parts thereof that are in the use of a third person;
 - water or wastewater escaped from the in-house rainwater discharge pipeline or any part thereof due to breakage;
 - water, wastewater or other liquid discharged as a result of blockage in the internal sewerage system of the building;
 - leakage or unreasonable engagement of a sprinkler system or other extinguishing system;
 - water discharged from an aquarium.
- 4.4.2.** In addition, repair costs of the technical system and pipeline of the insured building, that caused the water accident, shall be indemnified to the extent of 1,500 euros.

4.4.3. Exclusions of water accident

The following shall not be indemnified:

- damage caused gradually during or due to a long-term process, e.g. decay, mould, dry rot, corrosion, rust, etc.;
 - damage caused by excess humidity, condensate, tidying or cleaning water;
 - damage directly or indirectly caused by water or wastewater penetrating the building through the sewerage system due to natural phenomena;
 - damage caused by construction or repair works performed in the insurance location;
 - costs of the escaped water or any other liquid.
- 4.4.4.** In addition to the exclusions of water accident, general exclusions given in clause 6 also apply.

4.5. Burglary

- 4.5.1.** In the case of burglary, the insurance covers damage caused by:
- theft of assets by breaking in;
 - robbery;
 - vandalism in the course of burglary or robbery.
- 4.5.2.** A break-in means an intrusion into an appropriately closed building or a room in the insurance location through a door, window, wall, roof, etc., using a false key, picklock or any other mechanical aid or a key obtained via burglary or robbery for eliminating a barrier or lock hindering access to the location of the property.
- 4.5.3.** Robbery means gaining possession of the insured object by using physical violence or by direct threat thereof.
- 4.5.4.** Vandalism is unlawful damage to or destruction of an insured object by a third person. Damage caused by vandalism shall only be indemnified under burglary risk if it occurred during burglary or robbery.
- 4.5.5.** 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 indemnified. The costs of the exchange of locks and acquisition of new locks shall also be indemnified 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.

4.5.6. Exclusions of burglary

- d) Damage occurred due to the abetment of a person working for the policyholder or a person having a common household with the policyholder in the burglary or robbery is not compensated for upon burglary, unless the damage occurred during the time when the place of insurance was closed and locked for such persons.

4.5.7. In addition to the exclusions of burglary, general exclusions given in clause 6 apply.

4.6. Vandalism

4.6.1. In the event of vandalism, the damage caused to the insured object by the following shall be indemnified:

- a) unlawful damage to or destruction of property by a third party;
b) collision of a land vehicle if it is not indemnified pursuant to the Motor Insurance Act.

4.6.2. In addition, the damage caused by breaking the glass surface of a building constituting the insured object shall be indemnified. The costs of recovery of an advertising script, decoration, painting etc., on the broken glass surface shall also be indemnified to a total of up to 1,000 euros. A glass surface placed in a frame or permanently assembled also has insurance cover. Plastic material (incl. acrylic plastic, polycarbonate) used instead of glass shall be equivalent to a glass surface.

4.6.3. The damage caused to the insured building by theft of its exterior parts shall also be indemnified.

4.6.4. Exclusions of vandalism

The following shall not be indemnified:

- a) damage caused by theft or robbery of movable property or part thereof;
b) damage caused by an explosion of an explosive device (such damage is insured under fire risk);
c) damage caused by arson (such damage is insured under fire risk);
d) damage caused by a collision of a land vehicle to another vehicle;
e) damage to a glass surface caused by scratches, wear, smear, decreased transparency, poor quality, thermal breakage, installation failure, etc., of glass, as well as damage caused due to settlement of the building and during the construction or repair works or treatment, incl. repainting, of glass surface.

4.6.5. In addition to the exclusions of vandalism, general exclusions given in clause 6 apply.

4.7. Storm

4.7.1. In the event of a storm, the damage caused to the insured object by the following shall be indemnified:

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

4.7.2. A storm is wind with a speed of at least 18 meters per second. If the speed of the wind cannot be determined, the storm is deemed as being wind that caused damage to buildings or objects near the place of insurance that were in impeccable condition. Storm damage is also deemed as being such damage to the insured object which could be caused only by a storm.

4.7.3. In the case of a storm, an uninterrupted event lasting for up to 72 hours is considered as one insured event.

4.7.4. Exclusions of storm:

The following shall not be indemnified:

- a) damage directly or indirectly caused by a flood, incl. a flood caused due to a storm (such damage is insurable under flood risk);
b) damage caused by precipitation penetrating into the building through unclosed openings or structures, unless the openings have emerged due to circumstances listed in clause 4.7.1;
c) damage to buildings under construction and property therein.
d) damage caused by a failure of 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 a policyholder or a person working for them;

4.7.5. In addition to the exclusions of storm, general exclusions given in clause 6 apply.

4.8. Flood

4.8.1. In the event of flood, the damage caused to the insured

object by the following shall be indemnified:

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

4.8.2. A flood is only a natural flood caused by a 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.

4.8.3. Exclusions of flood

The following shall not be indemnified:

- 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.
d) damage caused by a failure of 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 a policyholder or a person working for them;
- 4.8.4. In addition to the exclusions of flood, general exclusions given in clause 6 apply.

4.9. All-risk

4.9.1. In the event of all-risk insurance, the damage caused by an unexpected and unforeseeable event which has not been specified in clauses 4.3 to 4.8 (fire, water accident, burglary, vandalism, storm and flood) shall be indemnified. The damage types defined in clauses 4.3–4.8 can be insured under fire, water accident, burglary, vandalism, storm and flood risk.

4.9.2. All-risk exclusions

The following shall not be indemnified:

- a) damage or costs specified in clauses 4.3.6, 4.4.3, 4.5.6, 4.6.4, 4.7.4, 4.8.3 and 6;
b) damage caused to inventory and equipment which has occurred due to an internal electrical or a mechanical fault of the insured object itself (such damage can be insured with electronic equipment insurance). The aforementioned exclusion does not apply to the inventory and equipment that are to be regarded, pursuant to clause 1.2, as part of the building or, pursuant to clause 1.4, as part of interior; Short-circuits, over- and undervoltage, lightning strikes and grounding faults with external causes are indemnifiable under all-risk;
c) damage caused to a machine or electronic or any other equipment that has not been fully installed or assembled or that 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, operating system 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) loss or damage resulting from a failure of an information technology device, electrical engineering data processing device or processor-controlled device; modification, deletion or theft of data; intentional damage to data and/or software, including by unauthorised access; a computer virus; non-compatibility or overloading of data and/or software;
f) damage caused by microorganisms (fungi, dry rot, etc.), animals, birds, plants, pests or insects;
g) 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 a policyholder or a person working for them;
h) damage caused by repair, installation, maintenance or reconstruction work;
i) damage caused by the reason that the building is subsiding, cracking, shrinking or expanding;
j) damage caused by interruptions or disturbances of water, gas and steam supply;
k) damage caused by interruptions of power supply or in the work of another source of energy;
l) damage to goods due to the functional failure of an air conditioning, heating or cooling system;
m) damage to goods or material caused as a result of treatment, testing or other forms of handling thereof;
n) damage to movable property located outside a building or in

an open building caused by wind, rain, snow, frost, flood or another natural phenomenon as well as sand or dust if such property is not intended for outdoor use;

- o) damage caused by theft, robbery, loss, unexplainable deficit or deficit identified during an inventory check, or saving or placing data in the wrong location (theft and robbery can be insured under burglary risk);
- p) damage directly or indirectly caused by a flood, incl. a flood caused due to a storm or a change in the groundwater level (flood can be insured under flood risk);
- q) damage for which a third person is responsible on the basis of a contract, incl. as a guarantor; (damage caused unlawfully by a third party is insurable under vandalism risk);
- r) damage to buildings under construction and property therein.

4.10. Breaking of Advertising Structure

4.10.1. In the 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.

4.10.2. Exclusions of breaking of an advertising structure:

The following shall not be indemnified:

- a) damage caused by wear, smear, 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 an advertising structure;
 - e) damage to an advertising structure due to construction or repair works of the insured object.
- 4.10.3. In addition to exclusions of breaking of an advertising structure, general exclusions given in clause 6 apply.

5. Additional costs to be indemnified

5.1. In the case of an insured event of property insurance, the following is indemnified:

- 5.1.1. expenses of prevention or minimising of damage even if these did not produce the desired result;
- 5.1.2. expenses necessary for demolition and clean-up work and removal of waste; Demolition and cleaning work is indemnified only upon restoration or replacement of the insured object.
- 5.1.3. expenses that arise from the requirements and precepts of relevant authorities upon restoration of the insured object.
- 5.1.4. design expenses if the building had a use and occupancy permit that corresponds to its area of activity immediately before the insured event or if the insured object did not have to have a use and occupancy permit according to law. Design expenses are only indemnified upon restoration of the insured object in a similar form (taking into account the written requirements and precepts of competent authorities).

5.2. justified additional costs incurred as a result of an insured event listed in clauses 5.1.2 to 5.1.4. are indemnified in the extent of up to 10% of the sum insured of the object of insurance – up to a maximum of 300,000 euros.

If damage with the expenses listed in clauses 5.1.2-5.1.4 exceeds the sum insured of the object of insurance, PZU shall indemnify these additional expenses in the extent of up to 100,000 euros per one insured event.

6. General exclusions

The exclusions given in this clause apply to all insured events listed in the Terms and Conditions of Insurance.

PZU does not indemnify damage or expenses caused directly or indirectly by the following:

- 6.1.** act of war, act of terrorism, mutiny, riot, strike, uprising, revolution, coup d'état, state of emergency, expropriation, confiscation or another similar event;
- 6.2.** use of nuclear power for any purpose or loss of control over the same, radioactive radiation and radioactive contamination, asbestos;
- 6.3.** blasting or mining operations;
- 6.4.** landslides, movements of earth and earthquakes;
- 6.5.** cyber crime or software faults;
- 6.6.** deficiencies of aesthetic nature (e.g. scratches, dents, notes, stains, tears or changes in colour) that do not affect the use of the insured object for its intended purpose;
- 6.7.** decay, mould, excessive moisture, corrosion, erosion, rust,

limescale, condensate, rot, contraction, vaporisation, weight loss, dryness or any other long-term process or phenomenon; design flaw or lack of a plan if a plan is mandatory in accordance with law.

- 6.8.**
- 6.9.** failure to comply with the standard, incorrect material and/or poor performance when installing solar panels and the parts required for their operation.
- 6.10.** maintenance, adjustment and technical inspection costs of the object of insurance as well costs of a part of an equipment replaced during maintenance or repairs;
- 6.11.** damage caused by contamination or pollution, e.g. due to poison, soot, sediment, dust, etc., unless the contamination or pollution is caused by an event specified in clauses 4.3 to 4.8;
- 6.12.** damage caused by non-purposeful use of an object of insurance;
- 6.13.** expenses arising from the requirements and precepts of authorities before the occurrence of an insured event;
- 6.14.** costs of elimination of environmental contamination;
- 6.15.** costs of state or local government agencies, incl. the Rescue Board;
- 6.16.** damage excluded in the PZU General Terms and Conditions of Insurance Contracts.

7. Policyholder's obligations

7.1. Persons equal to the policyholder are employees of the policyholder (including persons whom the policyholder uses in its economic or professional activity or in the performance of its obligations), legal possessors of the insured object or persons who have gained use or possession of the insured object with the consent of the owner or the legal possessor. The contractual obligations of the policyholder shall also apply to the persons considered equal to the policyholder.

7.2. The policyholder is required to:

- 7.2.1. comply with the current laws of the Republic of Estonia, user manuals of equipment manufacturers, safety requirements specified in the insurance contract and the special and additional terms and conditions of the insurance contract;
 - 7.2.2. explain the obligations arising from the insurance contract to persons who are considered equal to the policyholder and the insured person;
 - 7.2.3. allow the representative of PZU to examine the insurance location, the objects to be insured and the documents necessary for entering into the insurance contract;
- 7.3.** Upon the occurrence of an insured event the policyholder must:
- 7.3.1. take immediate measures to rescue the assets and persons, prevent any increase of a loss and minimise the damage;
 - 7.3.2. immediately notify the following institutions of the incident:
 - a) the police if the activities of a third person are suspected;
 - b) the rescue services in the event of a fire or explosion of an explosive;
 - c) in other cases, a relevant authority or person;
 - 7.3.3. notify PZU of an insured event personally or via a representative as soon as possible after learning 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;
 - 7.3.4. if possible, keep the place of occurrence of the insured event intact until receiving instructions from PZU;
 - 7.3.5. follow the instructions received from PZU.

7.4. The policyholder must present the damaged property, the post-insured event property or the remains thereof to PZU for inspection. The policyholder must not start restoring the damaged property or dispose of it without the consent of PZU.

7.5. The policyholder must submit to PZU all information available to the policyholder which is necessary for determining the contractual obligations of PZU and submitting a recourse claim to the person responsible for damage, incl. any and all documents regarding the causes and size of damage, and authorise PZU to obtain the required information and documents.

7.6. In the case of the recovery of a stolen or robbed object of insurance or of learning its location, the policyholder shall immediately notify PZU thereof in writing or in a format which can be reproduced in writing.

7.7. If a third party indemnifies the damage, the policyholder shall immediately inform PZU thereof.

7.8. The above list of the policyholder's obligations is not exhaustive.

tive. Other obligations are included in the PZU General Terms and Conditions of Insurance Contracts and insurance contract documents.

8. Obligations of insurer

- 8.1.** The obligations of the insurer are given in the PZU General Terms and Conditions of Insurance Contracts.

9. Safety requirements

- 9.1.** The policyholder and persons equal to the policyholder are obligated to follow the safety requirements that arise from the legislation in force in the Republic of Estonia, user manuals of equipment manufacturers and the insurance contract.
- 9.2.** The fire safety requirements governed by legislation shall be primarily complied with.
- 9.3.** The interior spaces and territory of the company must be regularly cleaned of manufacturing waste and rubbish.
- 9.4.** Flammable materials, machinery or equipment may not be stored near the walls of the building.
- 9.5.** All passageways and escape routes must be clear and easily passed.
- 9.6.** Flammable waste must be cleared from the workplace at the end of the shift.
- 9.7.** Flammable materials must be positioned in the building or a room in accordance with the storage rules storing similar dangerous substances.
- 9.8.** Smoking is permitted only in designated areas.
- 9.9.** Work involving an open flame must be performed adhering to the legislation in force.
- 9.10.** Hot work may be performed by a person who has a professional certificate or who has passed the training for performing hot work and possesses a hot work certificate.
- 9.11.** Fire doors must be closed, except automatically functioning fire doors, the unobstructed closing of which shall be ensured.
- 9.12.** A heating system must be designed and installed and it must be checked and maintained in accordance with technical regulations and manufacturer's instructions and the provisions of safety requirements in such a manner that it performs its function and any risk of fires, explosions or other accidents is excluded.
- 9.13.** Ventilation tubes and other exhaust systems must be cleaned according to instructions received from the installer or according to the working stress more often, in order to avoid the ignition of accumulated grease, dirt, dust and other residues.
- 9.14.** Electrical installations must be used as required and an electrical installation audit must be performed in accordance with the procedure set forth by law.
- 9.15.** An automated fire alarm system must be in working order, switched on 24 hours a day and designed, installed and regularly maintained in accordance with applicable laws.
- 9.16.** An automated fire extinguishing system must be in working order and designed, installed and regularly maintained according to applicable laws.
- 9.17.** Upon leaving the building or room, all doors, windows, hatches and other openings of the building or the room of the insurance location must be closed and locked in such a manner that the place of insurance cannot be entered without breaking or removing the obstacle or lock preventing entry to the location of the property. Keys or access codes must be used in such a manner that third parties cannot gain possession thereof. Upon losing a key or a code or if a third party gains illegal possession of a key or code, the policyholder shall immediately change the lock or the code.
- 9.18.** The automatic security alarm system must be in working order and regularly maintained; in the event of a threat it must activate and ensure the transmission of the alarm signal. In the case of the activation of the security alarm system and receipt of an alarm, 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, the fact that breaking in the building or a room located therein may occur

through a door, window, wall, floor, ceiling or roof shall also be considered. Upon leaving the building or room, the automatic security alarm system must be activated. The codes of the security alarm system must not be disclosed to third parties and therefore the security alarm system must be installed in such a manner that third parties cannot see the insertion of the code.

- 9.19.** Roofs, rainwater and sewage pipelines, drainage systems and sediment wells must be maintained and checked regularly. The building sewerage system must be equipped with a backflow valve or a pump that prevents water inflow.
- 9.20.** Goods in rooms that are below ground level shall not be stored lower than 12 cm from the floor area.
- 9.21.** The building's water supply, sewerage and heating system must be maintained regularly and protected against freezing. Water supply, sewerage and heating systems located in buildings or parts thereof where there is no sufficient heating during the period of non-use and cold season must be closed, emptied and kept empty.
- 9.22.** During winter, building constructions must be regularly cleared of snow and ice and the roads and sidewalks of insurance location de-iced.

10. Limit of indemnity and first risk insurance

- 10.1.** 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 the 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.
- 10.2.** First risk insurance is the maximum limit of the insurance indemnity agreed in respect of an insured object. It is the largest amount payable per insured event, in the case of which the terms and conditions regarding under-insurance do not apply. First risk insurance is only agreed if a respective notation has been made in the insurance contract.

11. Underinsurance, overinsurance and multiple insurance

- 11.1.** Underinsurance is a situation where the sum insured of an object of insurance is smaller than its insurable value.
- 11.2.** 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.
- 11.3.** Underinsurance and overinsurance are established separately for each object of insurance.
- 11.4.** Multiple insurance is 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 sum insured exceeds the insured value. In the case of multiple insurance, the insurers are liable as solidary debtors.

12. Insurance indemnity and ways of indemnification

- 12.1.** Insurance indemnity is the amount of money paid out in order to indemnify the material damage occurred as a result of an insured event and the additional expenses agreed in the insurance contract.
- 12.2.** 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. If the total amount of the expenses of restoring or repurchasing an insured object damaged, destroyed or stolen as a result of an insured event and the total amount of the costs listed in clause 5.1 exceeds the sum insured, the additional costs listed in clause 5.1 shall be indemnified in addition to the sum insured, and the limits established in clause 5.2 shall thereby be taken into account.
- 12.3.** The ways of indemnification shall be monetary compensation and indemnification of the costs incurred in restoration of the damaged item, incl. repair and refurbishing or replacement with an equivalent one. The way of indemnification is determined by PZU.

13. Deductible

- 13.1.** The deductible is a part of damage specified in an insurance contract regarding each insured event. The amount of the deductible shall always be incurred by the policyholder and not subject to compensation by PZU. Deductible shall be deducted last from the damage to be compensated.

14. Indemnification procedure

- 14.1.** In the case of an insured event, PZU indemnifies the material damage occurred and the additional costs agreed in the insurance contract. The insured value of the insured object, which was damaged, destroyed, stolen or robbed as a result of the insured event, prior to the occurrence of the insured event, shall be taken as the basis when calculating the insurance indemnity.
- 14.2.** The amount of damage comprises the sum required for restoration or reacquisition of the insured object damaged, destroyed, stolen or robbed as a consequence of an insured event and the costs required to cover the expenses specified in clause 5.1; considering thereby the limits established in clause 5.2.
- 14.3.** 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).
- 14.4.** In the case of underinsurance, PZU shall indemnify 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.
- 14.5.** In the case of overinsurance, PZU will indemnify the amount of damage up to the insured value.
- 14.6.** In the case of insurance with a limit of indemnity, PZU will indemnify the amount of damage up to the agreed maximum limit of insurance indemnity; the terms and conditions related to the underinsurance will remain valid.
- 14.7.** In the case of first risk insurance, PZU will indemnify 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.
- 14.8.** If the insured value is a reinstatement value (or reacquisition value), the beneficiary shall be entitled to the portion of the indemnity 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 the indemnification.
- 14.9.** The portion of the insurance indemnity value that exceeds 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 state 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.
- 14.10.** 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.
- 14.11.** If the policyholder or beneficiary regains possession of stolen or robbed property after the insurance indemnity has been paid out, the regained object must be handed over to PZU or the insurance indemnity must be returned.
- 14.12.** The portion of the VAT returned to the policyholder on the basis of the Value Added Tax Act shall not be compensated for.

15. Release of PZU from obligation to perform insurance contract

PZU shall be partly or fully released from the obligation to perform the insurance contract if:

- 15.1.** The policyholder or a person considered equal to the policyholder has violated at least one of the obligations specified in clause 7 or 9 and there is a causation between the failure to perform the said obligations and damage;
- 15.2.** the insured event has occurred due to the gross negligence or intent on the part of the policyholder, a person considered equal to the policyholder or the beneficiary;
- 15.3.** the cause of the insured event is the act of the policyholder or

- a person considered equal to them in a state of intoxication, under the influence of drugs or other psychotropic substances.
- 15.4.** the policyholder, a person considered equal to the policyholder or the beneficiary has submitted false information about the circumstances of the occurrence of damage and/or size of the damage.

Additional terms and conditions of business interruption insurance V200/2020

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

1. Insured object

- 1.1.** In the case of business interruption insurance, the insured object can be:
 - 1.1.1. 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 upon limiting the damage caused due to the business interruption.
 - 1.1.2. Income from rent, which is the fee payable on the basis of a rental contract for renting an immovable or part of it.
- 1.2. The insurance does not cover:**
 - 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 that are not directly connected with the insured business activities (e.g. interest income, real estate, stock exchange and land transactions, etc.).
 - 1.2.7. accessory expenses or other fees added to the rental fee (if the insured object is income from rent).

2. Insured event

- 2.1.** An insured event is the interruption of agreed business activity as a result of a property insurance event. Upon occurrence of an insured event, the insurer is obligated to compensate the damage.
- 2.2.** The insurance cover shall only be valid if PZU has acquired the indemnification obligation on the basis of the insured event under property insurance.

3. Damage and Extra Expenses of Business Interruption

- 3.1.** Business interruption damage caused in consequence of an 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 indemnification in case of the business interruption insurance.
- 3.2.** If the insured object is operating profit and fixed costs, business interruption damage is the operating profit lost in consequence of an insured event that the policyholder might have had during the indemnity period if the insured event had not occurred and fixed costs.
 - 3.2.1. Fixed costs are only compensated for if their further incurrence is financially and legally substantiated according to current laws.
- 3.3.** If the insured object is income from rent, business interruption damage is the reduction of income from rent lost in consequence of an insured event, taking into account any existing contracts, their terms, performance, etc.
- 3.4.** Any substantiated additional expenses incurred upon limiting the damage caused in consequence of business interruption shall only be indemnified if they reduce the size of the indemnity obligation of PZU and have been previously agreed with PZU. Additional expenses shall not be indemnified if the policyholder gains fiscal advantage from them.
- 3.5. Business Interruption Insurance exclusions**

The following shall not be indemnified:

 - 3.5.1. damage caused by the fact that the policyholder cannot use a sufficient labour force and/or financial or technical means (e.g. property insurance is entered into on the basis of under-

- insurance) for the restoration or reacquisition of damaged, destroyed or lost property in time;
- 3.5.2. damage caused by the restoration of property taking longer due to a reason arising from the policyholder; indemnity is not paid for the extra time;
- 3.5.3. damage caused by damage to, destruction or loss of cash, security, bond, document, plan, drawing, accounting record or other data medium;
- 3.5.4. damage caused by inadequate accounting or failure to submit accounting documents;
- 3.5.5. damage caused by a decision or activity of a public or local authority as well as the unforeseeable delay resulting therefrom (e.g. restriction on activity);
- 3.5.6. 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;
- 3.5.7. damage caused by the business partner's failure to perform or improper performance of contractual obligations;
- 3.5.8. damage caused by interruptions or disturbances of a water, gas, steam, power supply and/or another source of energy;
- 3.5.9. penalties and/or sanctions (e.g. interest on arrears) arising from the failure to perform contractual obligations of the policyholder;
- 3.5.10. costs of the 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 is the operating profit and fixed costs of the accounting period depending on the selected insured object (the expected change in turnover shall also be considered) or income for rent that would have been achieved if the insured event had not occurred.
- 4.3.** The policyholder is required to notify PZU of the correct insured value.

5. Indemnity period

- 5.1.** The indemnity period is the maximum period agreed in the insurance contract during which PZU shall indemnify the business interruption damage occurred.
- 5.2.** The indemnity period begins from the moment of the occurrence of a property insurance event and ends with the achievement of the economic situation the company would have had if the insured event had not occurred, however, on the expiry of the period specified in clause 5.1 at the latest.
- 5.3.** If it becomes evident that the business activities described in the insurance contract are not continued, the amount of damage is calculated to the extent of the period of time that, according to an expert assessment, would have been spent on the resumption of the same business activities during a period not exceeding the indemnity period.

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.** If the business interruption is shorter than the indemnity period, the period of calculation ends once sales revenue has achieved the level it would have been if the insured event had not occurred. If the business interruption lasts longer than the indemnity period, the calculation period ends with the indemnity period.

7. Policyholder's obligations

- 7.1.** The policyholder is required to:
 - 7.1.1. notify PZU of circumstances significantly affecting the business activities or insurable value specified in the insurance contract (e.g. added machinery and equipment; completion of new structures, expansion of production, etc.);
 - 7.1.2. notify PZU immediately of the insured event of property insu-

- 7.1.3. rance that might result in an interruption of business activities; organise its accounting in accordance with the laws of the Republic of Estonia, incl. the Accounting Act and accounting principles generally accepted;
- 7.1.4. maintain annual reports and original accounting documents of three preceding years by making back-up copies, and to keep original documents separately from the back-up copies and safe (in a fireproof manner) to avoid their simultaneous destruction.
- 7.2.** Upon the occurrence of an insured event the policyholder must:
- 7.2.1. immediately take measures to save the assets and persons, 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 wage costs) by asking PZU for instructions;
- 7.3.** 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.
- 7.4.** 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.
- 7.5.** 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 Indemnification

- 8.1.** Insurance indemnity is an amount of money to be disbursed to compensate for the damage of business interruption occurred in consequence of an 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 specified in an insurance contract regarding 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 determined as a time period (i.e. waiting period) starts from the date the insured event takes place. If the business interruption period falls within the waiting period, the damage arisen is not subject to indemnification.

10. Indemnification Procedure

- 10.1.** Upon an insured event, PZU shall indemnify the 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, on the expiry of the indemnity period, at the latest.
- 10.2.** In the case of underinsurance, PZU will indemnify the damage occurred in accordance with the ratio of the sum insured to the insurable value. The same ratio is applied upon indemnifying additional expenses. Underinsurance will not be applied if the sum insured does not differ from the insured value by more than 10%.
- 10.3.** In the case of over-insurance, PZU indemnifies the damage incurred up to the insured value.
- 10.4.** In the 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 that could have influenced the economic results of the company either positively or negatively if the insured event had not occurred shall be considered when calculating the amount of damage incurred in consequence of the business interruption as a result of the insured event (relevant trends, forecasts, etc., of the insured activity and field).

- 10.6.** If the insurance indemnity has been decreased or the indemnification of 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 indemnified 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 requested for each subsequent month. In such a case, these amounts are regarded as an advance insurance indemnity and shall later be deducted from the final insurance indemnity.

Additional terms and conditions of electronic equipment insurance V300/2020

This document shall be applied to insurance contracts entered into by 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 PZU General Terms and Conditions of Property Insurance, the PZU General Terms and Conditions of Insurance Contracts, the Law of Obligations Act and other legislation.

1. Insured object

- 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, standard software programs and operation systems used in electronic equipment, telephone systems, telephone switchboards, except mobile phones, etc.) and external data carriers used therein;
- 1.1.2. auxiliary devices (incl. ventilation devices, air conditioners, auxiliary energy sources, UPS) used for ensuring the operation of an insured electronic device without interruptions.
- 1.2. The following are not insured objects:**
- 1.2.1. computer equipment that is an integral part of production process and/or production line used therein;
- 1.2.2. equipment the age of which is more than five years at the moment of issuing the policy;
- 1.2.3. non-standard software or operating system (e.g. software created for a specific contracting entity) and information contained in information processing systems and on data carriers.

2. Insured event

- 2.1.** An insured event is damage to or destruction of the insured object due to a sudden and unforeseen event.
Upon occurrence of an insured event, PZU becomes obliged to indemnify damage.
- 2.2.** In the case of the electronic equipment insurance, damage caused to the object of insurance shall be indemnified if the damage has been caused by:
- 2.2.1. short circuit, overvoltage or undervoltage or induction;
- 2.2.2. internal electrical or mechanical failure;
- 2.2.3. an operator's negligence upon handling an electronic device;
- 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. Exclusions of electronic equipment insurance:**
The following is not indemnified:
- 2.3.1. damage caused to electronic equipment that 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 the 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 aging, 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 does not influence the operation of the object of insurance (scratches, dents, etc.). The damage shall be compensated for if it occurred due to the event specified in clause 2.2;
- 2.3.6. maintenance, adjustment and technical inspection costs of the object of insurance as well as the cost of a part of equipment or components replaced during maintenance or repairs;
- 2.3.7. damage caused by the regular and notified interruption and

- disturbance of water, gas and power supply;
- 2.3.8. damage caused by the operation of an object of insurance on a higher load than foreseen by the manufacturer and in any other extreme situation;
- 2.3.9. damage for which a third party is liable under 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 the event specified in clause 2.2.
- 2.3.11. damage caused due to gross negligence.
- 2.3.12. In addition to the exclusions of electronic equipment insurance, general exclusions given in clause 6 of the PZU General Terms and Conditions of Property Insurance apply.

3. Special Terms and Conditions for Notebook Computers

- 3.1.** As an exception to the General Terms and Conditions of Property Insurance, the insurance location for a notebook and tablet computer, being the object of insurance, shall be expanded. It is the whole world.
- 3.2.** Damage to the object of insurance due to a traffic accident involving the vehicle transporting the object shall also be deemed as an insured event.
Burglary insurance cover is only valid if the insured object is located in a closed and locked building or in the locked boot or glove compartment of the vehicle that transported the insured object.

Additional terms and conditions of liability insurance V400/2020

This document is a part of the property insurance contract entered into with AB Lietuovos draudimas Estonia branch (hereinafter PZU*) where liability insurance cover has been selected and the insured risk of which are the material obligations that arise from the insured person's civil liability. In any matters not regulated hereunder, the parties to the insurance contract shall be governed by the PZU General Terms and Conditions of Property Insurance, the PZU General Terms and Conditions of Insurance Contracts, the Law of Obligations Act and other legislation.

1. Insured event and insurance cover

- 1.1.** Insured event means an unexpected and unforeseeable occurrence of damage during the insurance period (hereinafter event) and has a causal link to the ownership or possession of a building, a part of a building or a civil engineering work located at the address specified in the insurance contract and as a result of which the injured party incurred material damage which the insured person is obligated to compensate for pursuant to law.
For example, an icicle falls from the eave of a building belonging to the insured person and injures a third person passing the building.
- 1.2.** Exclusions listed in clause 2 are not insured events.
- 1.3.** Any and all events arising from the same cause and any and all claims arising from the same event are deemed to be the same insured event. In this case, the time of occurrence of the first event is deemed the time of occurrence of the insured event.
For example, the snow that fell off the roof damages several vehicles parked in the street; this is a single insured event.
- 1.4.** The insurance contract is valid during the period and in the location agreed in the contract.
- 1.5.** The insurance cover extends to claims that are reported to PZU within one year of the expiry of the insurance period, provided that the event giving rise to the claim occurred during the insurance period.

2. Exclusions of liability insurance

- 2.1.** PZU does not indemnify fines, penalty payments, warning fines, default interest, etc., imposed in misdemeanour or criminal proceedings;
- 2.2.** PZU does not indemnify non-material damage (moral damage);
- 2.3.** PZU does not indemnify for loss of profit, excl. the decrease in income related to bodily injury. For example, the difference in a person's salary during sick leave is damage subject to indemnification;
- 2.4.** PZU does not indemnify for damage caused by negotiorum gestio, unjust enrichment, award notification or presentation of a thing;
- 2.5.** PZU does not indemnify damage caused by an event or a circumstance of which the policyholder or the insured person was aware before the entry into the insurance contract.
For example, the insured person knows before insuring the risk that they damaged a pipe during construction, even though damage has not yet occurred or become evident.
- 2.6.** PZU does not indemnify for sanctions, fines and other penalties added to damage
- 2.7.** PZU does not indemnify for claims arising from a contract if they expand the insured person's liability, restrict the insured person's rights or differ from the terms and conditions of indemnification for damage set forth by law.
For example, agreements that expand the scale or scope of the damage, agreement on waiver of the right of recourse, extension of the limitation period of claims, etc.
- 2.8.** PZU does not indemnify damage caused by an intoxicated person, regardless of the substance that caused intoxication (e.g. the intoxication can be caused by a drug, alcohol, mushrooms, an overdose of medicines, etc.).
- 2.9.** PZU does not indemnify damage caused by the obvious or known poor condition of a building, structure, device or parts thereof or failure to perform the duty of care, incl. non-application of primary measures for prevention of damage upon the detection of a deficiency.
- 2.10.** PZU does not indemnify damage caused by natural wear and tear or holes, cracks, gaps or other damage caused by weather

that were foreseeable or preventable in their nature.

- 2.11.** PZU does not indemnify damage caused by precipitation getting into a building, except if it happened as a result of an unexpected and unforeseeable primary event which was not caused by the known poor condition of the building, uncovered openings or failure to perform the duty of care.
For example, there may not be any visible or known cracks in the building or any other uncovered or open openings through which precipitation can enter the building, and snow must be regularly cleared from the roof
- 2.12.** PZU does not indemnify damage caused by disruptions or interruptions in water, heat or power supply.
- 2.13.** PZU does not indemnify damage that is subject to indemnification on the basis of obligatory liability insurance (for instance, in relation to liability arising from the Motor Insurance Act, the Waste Act, the Railways Act, the Liquid Fuel Act, etc.).
- 2.14.** PZU does not indemnify damage caused by asbestos, toxic mould, fungi or dry rot, a genetically modified substance or organism, electromagnetic field, radiation, explosives or an explosive device or toxic substances incl. pesticides.
- 2.15.** PZU does not indemnify claims between insured persons and claims between the policyholder and the insured persons;
- 2.16.** PZU does not indemnify claims filed against the insured person by their parent company, subsidiary or a related company or a person who is the insured person's legal representative, owner, manager, family member or insider;
- 2.17.** In the event of a leak, PZU does not indemnify the cost of the leaked substance (e.g. the cost of leaked water, fuel or gas);
- 2.18.** PZU does not indemnify damage caused to property in care, custody and control, etc., by the insured person, incl. theft, robbery or loss of the object (e.g. damage to rental tools or goods stored in a warehouse, etc.). The exclusion is not applied in relation to an immovable (e.g. damage to a rented building, etc.);
- 2.19.** PZU does not indemnify damage related to pollution, incl. waste management.
- 2.20.** PZU does not indemnify damage caused by Force majeure, war, coup d'état, revolution, strike, mass disruption, emergency, confiscation, nationalisation, crime, terrorism, cyber attack or natural disaster.
- 2.21.** PZU does not indemnify damage caused intentionally or by gross negligence.
- 2.22.** The insurance cover does not extend to claims and/or liability related to a region or a country in relation to which financial and/or trade restrictions (e.g. an embargo) are applied. Neither does the insurance cover extend to a person who has been declared subject of an international financial, economic or another trade sanction on the basis of a national or an international law, resolution or agreement even if an insurance contract has been entered into in relation to this person. PZU is not obligated to indemnify in the above cases and upon the occurrence of the above circumstances, the insurance undertaking reserves the right to terminate the insurance contract prematurely.
- 2.23.** PZU does not indemnify damage related to failure to comply with the requirements established in regulation (EU) 2016/679 of the European Parliament and the Council (General Data Protection Regulation) and in the national implementation acts of the Republic of Estonia adopted on the basis of the regulation or damage caused by any violations of the personal data processing requirements.
- 2.24.** PZU does not indemnify damage related to hydraulic constructions, hospitals, airports, harbours, mines and offshore objects. The insurance cover of the liability arising from ownership or possession of these objects must be agreed separately in the insurance contract.

3. Safety requirements and release of PZU from obligation to perform insurance contract

Insured persons are regarded as equal to the policyholder in terms of adhering to safety requirements.

- 3.1.** The policyholder and the persons equal thereto are obligated to follow the safety requirements set forth in clause 9 of the General Terms and Conditions of Property Insurance.
- 3.2.** PZU is released from the obligation to perform the insurance contract in part or in full if the policyholder or a person equal thereto has breached the safety requirements set forth in

clause 9 of the General Terms and Conditions of Property Insurance and there is a causal link between the breach and damage.

4. Insurance indemnity

- 4.1.** Insurance indemnity means a sum of money that is paid as compensation for damage and/or necessary legal expenses.
- 4.2.** Legal expenses means, for the purposes of these terms and conditions, the amount spent on legal assistance, expert assessments and judicial proceedings for the insured person upon the processing of claims. PZU indemnifies for legal expenses if this is necessary in order to defend the claim and protect the rights of the insured person. Only the legal expenses approved by PZU in advance are subject to indemnification. PZU does not indemnify for legal expenses if they are not related to an insured event or if indemnification for damage is excluded with the terms and conditions of insurance.
- 4.3.** The limit of indemnity (i.e. the sum insured) is the maximum amount of the payouts of the obligations agreed in the insurance contract.
- 4.4.** The limit of indemnity decreases by the indemnity and legal expenses paid out on the basis of the insurance contract. The limit of indemnity may be restored by agreement of the parties. PZU may charge an additional insurance premium for restoring the limit of indemnity.
- 4.5.** Deductible means the amount of money agreed in the insurance contract which will be covered by the policyholder upon the occurrence of each insured event. In the case of claims arising from the same cause or event, a deductible is only calculated for the first insurance indemnity to be paid out.
- 4.6.** When paying out the indemnity, PZU has the right to a set-off of the insurance premium payable until the end of the insurance period under the insurance contract.
- 4.7.** If the insured person has come to an agreement with the claimant or already indemnified the claim or a portion thereof, it will not be binding on PZU if the actual amount of the claim has not been proven and/or the indemnification obligation of the insured person is disputable.

5. Beneficiary

- 5.1.** The definition of beneficiary specified in the insurance contract shall not expand to the liability insurance. Upon liability insurance, the beneficiary is not specified.