



HOUSEHOLD INSURANCE



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HOUSEHOLD INSURANCE TERMS AND CONDITIONS K100/2013

Effective as of 26.08.2013

Unofficial translation. In case of a dispute refer to household insurance terms and conditions in Estonian – K100/2013

This document is a part of the insurance contract made with the Estonian branch of AB "Lietuvos draudimas" (hereinafter PZU*) where the insured object is the property used in a household. In matters not regulated herein the parties to an insurance contract shall follow the Law of Obligations Act and other legislation.

1. Insured object

1.1. The insured object means the property specified in an insurance contract. This may include a building, a section of a row house, section of a semi-detached house, an apartment, an apartment ownership, a civil engineering work and/or household property. The insured object can also be the policyholder's liability and/or the expenses of leasing temporary housing.

1.2. Building bears the meaning specified in the Building Act. A building is a structure having a roof, interior space and envelope structure.

1.2.1. The main structures of the building, interior and exterior finish, built-in furniture, integrated kitchen appliances, internal electrical, gas, heating, water supply, sewerage, ventilation, cooling, fire extinguishing, communication and alarm systems as well as other stationary construction elements supplementing the functions of the building are insured along with the building.

1.2.2. Also, 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 immovable, but not further than the general connections (points of connection) are insured along with the building.

1.2.3. Antennas, awnings, surveillance cameras, lamps, etc., installed on the exterior of the building and accessories of the building such as lamps, fence, gates, barriers, flagpoles, shelters, etc., and small buildings of up to 20 m² in size and material required for heating the building, which belong to the policyholder, are insured along 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 row house section and a semi-detached house section the insured object is structurally delimited residential quarters that allow for separate use of the residential quarters, and parts thereof and parts of the building that are in common ownership and that are not physical shares. A part of a building in common ownership is an insured object to the extent corresponding to the size of the common ownership of the policyholder.

1.3.1. The objects specified in articles 1.2.1, 1.2.2 and 1.2.3 are insured along with a section of a row house and a section of a semi-detached house.

1.4. In the case of an apartment the insured object is structurally delimited residential quarters that allow for separate use and parts thereof that cannot 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 parts of the electrical, gas, heating, water supply, sewerage, ventilation, cooling, fire extinguishing, communication and alarm systems, which only one apartment owner depends on, are insured along with the apartment. The basement cubicle and storage room of the apartment are insured along with the apartment.

1.5. In the case of an apartment ownership the insured object is structurally delimited residential quarters that allow for separate use of the residential quarters, and parts thereof and parts of the building that are in common ownership of apartment owners and that are not physical shares. A part of a building in common ownership is an insured object to the extent corresponding to the size of the common ownership of the policyholder. The basement cubicle and storage room of the apartment are insured along with the apartment.

1.5.1. Objects are insured along with the apartment in accordance with articles 1.2.1, 1.2.2 and 1.2.3.

1.6. Civil engineering work bears the meaning specified in the Building Act. A civil engineering work is a structure that is not a building. For instance, civil engineering work include lamps, fences, gates, barriers, flagpoles, shelters, outdoor pools, playgrounds, etc.

Unless otherwise specified in the insurance contract, waterside structures (e.g. a landing stage, breakwater, berth), wind mills, including masts, carriage-ways and sidewalks on the territory of the place of insurance are not considered insured works.

1.7. Household property means immovable property specified in an insurance contract. Unless specified otherwise in an insurance contract, valuables (incl. objects of antique or artistic value) and precious metal and material objects are insured as part of the household property to the extent of up to 4,000 euros.

1.8. Unless specified otherwise in an insurance contract, cash, securities, bonds, documents, plans, drawings, archives, information or software contained in an information processing system or data media, motor vehicles, 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), inner quarters and/or civil engineering work located at the address specified in an insurance contract. The insurance contract is valid only with regard to an insured event that has occurred in the place of insurance specified in the insurance contract.

2.2. Insurance cover is also applicable to the household property that constitutes the insured object in the territory of the insured person located at the address specified in the insurance contract, provided that such household property is meant to be used in outdoor conditions. The insurance cover is also applicable, with regard to the household property that constitutes the insured object, in the locked basement cubicle and storage room of an apartment, which are solely used by the policyholder. The insurance cover is not applicable to the household property if such property is kept in the premises for general use (e.g. a stair well, attic, basement and storage room for general use).

2.3. The household property held by the policyholder and/or their family members outside the place of insurance (e.g. in a car, at work, at school, on a trip, on a holiday) specified in the insurance contract is insured as well for the amount of up to 2,000 EUR. The insurance cover is not applicable to motor vehicles, agricultural machinery and equipment, trailers, semi-trailers, and other things, which are part of the household property.

3. Insured event

3.1. An insured event is an event that is unexpected and unforeseeable from the point of view of the policyholder and the insured person, in the course of which the insured object is damaged, destroyed or lost in the place of insurance during the period of validity of the insurance cover. In case of liability insurance any damage caused to third parties is also indemnified in accordance with the provisions of article 3.10. Upon occurrence of an insured event, the insurer is obligated to compensate the damage.

3.2. Insured events include the following:

- 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) overvoltage caused by lightning;
- d) explosion, incl. that of an explosive;
- e) crash of a piloted aircraft, parts thereof or cargo.

3.3.2. Fire means only open fire that has started outside the prescribed place or has broken out of the prescribed place and is able to spread on its own.

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

3.3.4. Explosion means momentary force generated upon expansion of gas or steam.

3.4. Water accident

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

- a) water, wastewater or another liquid or steam discharged from the water supply, sewerage, heating or cooling system of the building or parts thereof;
- b) water of wastewater discharged from the building's stormwater drainage piping or part thereof;
- c) water discharged due to the breaking of household appliances permanently connected to the building's water supply and sewerage system or the breaking of the parts of the appliances;
- d) water discharged from a fish tank.

3.4.2. In addition, the water accident-induced costs of repairing the utility system and piping of the civil engineering work that constitutes the insured object are indemnified to the extent of 1,000 euros. Also, costs relating to the elimination of frost damage caused to the building's water supply, sewerage or heating systems or stormwater drainage piping or the parts thereof are indemnified.

3.4.3. In the event of a water accident the following is not indemnified:

- a) damage caused by a long-term process such as decaying, moulding, corrosion, rust, etc.;
- b) damage directly or indirectly caused by water or wastewater that has entered the building through the sewerage system due to natural phenomena.

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, i.e. theft of property by way of a break-in;
- b) robbery;
- c) vandalism.

3.5.2. A break-in means entry into a properly closed building or a room thereof in 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 impedes entry into the location of the property.

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

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

- 3.5.5. In addition, the costs of restoring the barrier structures of the building or parts thereof, which were destroyed or damage in the course of a break-in or robbery or an attempt thereof, are indemnified.
- 3.5.6. Also, the costs of replacement of locks and acquisition of new locks are indemnified if the key or the code opening the lock was taken from the policyholder or its authorised person in the course of a break-in or robbery. The costs of replacement of locks and acquisition of new locks are indemnified without applying the excess.
- 3.5.7. In the event of burglary the damage is not indemnified if the household property held by the policyholder and/or their family members was left in a visible place in a motor vehicle.
- 3.6. Vandalism
- 3.6.1. In the event of vandalism the damage caused to the insured object by the following is indemnified:
- a) damaging or destruction of property by a third party;
 - b) collision with a land vehicle, provided that it is not indemnified under the Motor Third Party Liability Insurance Act.
- 3.6.2. In addition, the damage caused by breaking the glass surface of a structure constituting the insured object is indemnified. The damage caused by breaking the glass surface is indemnified without applying the excess.
- 3.6.3. Also, the damage caused to a structure constituting the insured object by a theft of the parts of the structure is indemnified.
- 3.6.4. In the event of vandalism the damage arising from the theft (incl. burglary) of household property is not indemnified.
- 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 has fallen on the insured object due to a storm;
 - c) hail and ridged ice.
- 3.7.2. Storm means a gust of wind with a speed of at least 18 metres per second. If the wind speed cannot be determined, storm means wind that has caused damage to structure or objects that were in an impeccable condition in the surroundings of the place of insurance. Storm damage also means such damage to the insured object, which could be caused only by a storm.
- 3.7.3. In the event of a storm the following is not indemnified:
- a) damage arising directly or indirectly from a flood, incl. a flood caused by the storm;
 - b) damage caused by stormwater that has penetrated a structure through the unclosed openings or structures of the structure, unless the openings were created due to the circumstances listed in article 3.7.1.
- 3.8. Flood
- 3.8.1. In the event of flood the damage caused to the insured object by the following is indemnified:
- a) storm;
 - b) stormwater;
 - c) flooding of a body of water.
- 3.8.2. Flood means only 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 such an unnatural amount of water that the soil and/or properly designed drainage system (incl. drainage and sewerage system) cannot absorb.
- 3.8.3. In the event of a flood the damage caused by the breaking or a dam or another protective civil engineering work is not indemnified.
- 3.9. All risks insurance
- 3.9.1. In the event of all risks insurance the damage caused to the insured object by an unexpected and unforeseeable event, which has not been specified in articles 3.3 to 3.8, is indemnified.
- 3.9.2. In the event of all risks insurance the following is not indemnified:
- a) damage caused to the household property and integrated equipment over four years old due to their own internal electrical or mechanical failures or disturbances;
 - b) damage caused to motor vehicles, agricultural machinery and equipment, trailers, semi-trailers, and other things in the course of their transport and/or operation;
 - c) damage caused by an existing defect, internal error, hidden defect, gradual loss of qualities, wear and tear, aging, the exhaustion of material or change of temperature, colour, taste, smell, texture or finishing qualities of the insured object;
 - d) damage caused by corrosion, erosion, rust, rot, contraction, evaporation, loss of weight, moisture, dryness, spoilage or other similar phenomena;
 - e) damage caused by defects of aesthetic nature (e.g. scratches, dents, notches, stains, tears), which do not affect the intended use of the insured object;
 - f) damage caused by microorganisms (fungi, dry rot, etc.), domestic animals, birds, plants, pests or insects;
 - g) damage caused by structural, material, design, installation, assembly or production errors, unsuitable or defective material or product or substandard work;
 - h) damage caused by the sinking, cracking, contraction or expansion of a structure;
 - i) damage caused by repair, installation, maintenance or reconstruction work;
 - j) expenses of maintenance of the insured object as well as the price of a part of the equipment replaced in the course of maintenance;
 - k) damage caused to movable property outside a building or in an open building by wind, rain, snow, frost or another natural phenomenon, sand or dust, provided that the said property is not meant to be used in outdoor conditions;

- l) damage caused by the loss, disappearance, forgetting or theft of the insured object;
- m) damage caused by contamination or pollution with poison, soot, sediment, dust, etc., unless the contamination or pollution is caused by an event specified in articles 3.3 to 3.8;
- n) damage for which a third party is liable under a contract or law, incl. as a guarantor;
- o) damage caused by the characteristics of the insured object;
- p) damage caused by using the household property for a purpose other than the intended purpose;
- q) damage caused by the penetration of water or snow (incl. melting snow and ice) through the structures of a building;
- r) damage caused to sports equipment in the course of its ordinary exploitation;
- s) damage caused to by the movement of ice or snow, likewise by ice or snow load.

3.10. Liability insurance

3.10.1. An insured event means any sudden and unexpected unlawful damage caused to a third party resulting in the obligation of the policyholder and/or his/her family members to compensate for such damage. The policyholder's family member is his/her spouse or life partner and their children under 18 years of age, likewise their dependants.

3.10.2. Damage is indemnified if the policyholder and/or his/her family member is guilty of causing such damage and/or is liable for causing such damage pursuant to law.

3.10.3. Insurance cover shall also extend to causing damage by a pet for which the policyholder and/or his/her family member is responsible pursuant to law.

3.10.4. In case of the policyholder who is a legal person the liability insurance cover shall extend only to liability arising from the ownership, possession or management of a building, part thereof, rooms of the building, registered immovable or civil engineering works.

3.10.5. The insurance contract applies to insured events if the unlawful action resulting in the insured event and causing of damage to a third party as a result thereof have occurred on the territory of the Republic of Estonia.

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

3.10.7. Insurance cover shall extend to any claim of which PZU has been notified within one year after expiry of the insurance period but the insured event resulting in such claim has occurred during the insurance period.

3.10.8. Any and all claims arising from the same cause and/or event are considered to be one insured event. The time when the first event takes place is deemed to be the time of occurrence of the insured event.

3.10.9. For the purpose of these terms and conditions, legal assistance costs are the amount of money spent on the legal assistance, expert assessments and judicial proceedings of the insured person in the course of proceedings of the insured event. PZU will indemnify legal assistance costs provided they are required to reject the claim and protect the rights of the insured person. Only legal assistance costs previously approved by PZU are subject to indemnification.

3.10.10. In case of liability insurance, no indemnity is paid for damage or costs caused by or the content of which is:

- a) any damage related to the economic activities and/or manufacturer's liability of the policyholder and/or his/her family member;
- b) loss of profit;
- c) non-material damage;
- d) public promise to pay;
- e) negotiorum gestio;
- f) intent;
- g) unjustified enrichment;
- h) risk liability and major source of danger except for a non-power land vehicle or building or any part thereof;
- i) event of which the policyholder and/or his/her family member were aware prior to entry into the insurance contract;
- j) mutual claims of the policyholder, his/her family members and related persons;
- k) labour or service relations;
- l) disputes under family law;
- m) Force Majeure;
- n) pollution, incl. environmental damage;
- o) fines, late penalties and any other sanctions related to damage;
- p) asbestos, diethylbestrol, dioxin, toxic mould, infectious disease (incl. AIDS) or infection;
- q) explosives, weapons, radioactive substance;
- r) contractual liability;
- s) compulsory insurance (incl. motor third-party liability insurance);
- t) visible or known poor condition of a building or part thereof (e.g. leak of a pipe being repaired) and disregarding the duty of care (e.g. ignoring the need of repair or failure to take initial measures to prevent 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 cost of finding and leasing equal temporary residence and moving there and back shall be indemnified. The loss of rent is also indemnified if the let residential quarters that constitute the insured object have become inhabitable as a result of an insured event. The rent expenses and income are indemnified to the extent of up to 12 months, but no more than until the restoration or replacement of the permanent housing. The rent

expenses and income of temporary housing are indemnified without applying the excess.

3.11.2. Public utility payments, default interest and contractual penalties are not subject to indemnification.

3.11.3. The rent expenses of temporary housing are not indemnified to a person who uses the structure insured under the insurance contract on the basis of a lease contract. The costs of finding temporary housing and the costs of moving are indemnified.

4. Insured risk and possibility of increase thereof

- 4.1. Insured risk means a threat against which insurance is obtained.
- 4.2. The policyholder must immediately notify PZU of any possibility of an increase of the insured risk, unless the increase of the possibility of the insured risk was caused by a generally known circumstance, which does not affect the insured risk of only this policyholder.
- 4.3. After entry into the contract the policyholder may not, without the consent of PZU, increase the possibility of the insured risk or allow for increasing thereof by persons whom the policyholder is liable for.
- 4.4. If the policyholder violates the notification obligation or the obligation to refrain from increasing the risk, PZU shall be released of the obligation to perform the insurance contract if an insured event occurs one month after the time when PZU should have received the notice, unless at the time when it was supposed to receive the notice it knew of the increase of the possibility of the insured risk or had to know thereof.
- 4.5. A circumstance that increases the possibility of occurrence of an insured event or the damage caused is considered a circumstance increasing the insured risk. The policyholder may not increase the insured risk without the consent of PZU.
- 4.6. Essential circumstances increasing the insured risk include, above all, circumstances that PZU asks the policyholder information about prior to the entry into the insurance contract. Also, an essential circumstance affecting the insured risk is the failure to adhere to a special condition, additional condition, safety requirement or agreement provided for in the insurance contract regarding the insured risk.
- 4.7. During the insurance period PZU has the right to inspect the insured object and, in the event the insured risk has increased, demand that the policyholder take additional security measures and/or increase the insurance premium. The aforementioned does not preclude PZU's right to cancel the insurance contract.

5. Additional expenses to be indemnified

- 5.1. In addition to the material damage caused as a result of an insured event, the following reasoned expenses are indemnified to the extent of up to 10% of the sum insured of the insured object, but no more than to the extent of 100,000 euros. These expenses are also

indemnified if the total amount of material damage and listed expenses exceeds the sum insured.

5.2. PZU indemnifies the following:

5.2.1. expenses of prevention or reduction of damage caused upon occurrence of an insured event, even if these did not produce the desired result;

5.2.2. expenses required for demolition and cleanup work and removal of waste following an insured event;

5.2.3. expenses arising from an insured event, which arise from the requirements and precepts of competent authorities upon restoration of the insured object.

5.3. PZU does not indemnify the following:

5.3.1. expenses arising from the requirements and precepts of authorities before the occurrence of an insured event;

5.3.2. expenses of elimination of environmental pollution;

5.3.3. expenses of state and local authorities, including of the Rescue Board.

6. Preclusions

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

- 6.1. war, terrorist act, riot, mass disruption, strike, uprising, revolution, coup d'état, emergency situation, expropriation, confiscation or another similar event;
- 6.2. using nuclear energy for any purpose or losing control of nuclear energy, radioactive radiation and radioactive contamination;
- 6.3. explosive or mining work;
- 6.4. landslide and earthquake.

7. Sum insured and insurable value

- 7.1. The sum insured means the highest sum payable per insured event. If the total amount of the material damage and expenses listed in article 5.2 exceeds the sum insured, the expenses listed in article 5.2 shall be indemnified in addition to the sum insured, thereby the limits established in article 5.1 shall be taken into account. The sum insured shall not decrease upon payment of the indemnity.
- 7.2. The insurable value means the value of the insurable interest at the time of occurrence of an insured event. The policyholder is obligated to inform PZU of the right insurable value.
- 7.3. The insurable value of a structure means the reinstatement value or the cost of restoration of a new equal structure. If no sum insured of the structure is agreed upon in the insurance contract, the sum insured shall equal the reinstatement value.
- 7.4. The insurable value of household property means the reacquisition value or the cost of renewed

acquisition of equal property (having the same technical qualities). The insurable value of artistic objects, collections, antiques, motor vehicles, agricultural machinery and equipment, trailers and semi-trailers, computers (incl. desktop, laptop and tablet computers) over two years old and related equipment, mobile phones, portable audio, video and photo equipment is their market value or the cost of renewed acquisition of equal property (having the same technical qualities).

8. Underinsurance, overinsurance and multiple insurance

- 8.1. Underinsurance means a situation where the sum insured of the insured object is smaller than its insurable value. Conditions regarding underinsurance are not applied in PZU's household insurance product.
- 8.2. Overinsurance means a situation where the sum insured exceeds the insurable value of the insured object. Overinsurance is identified separately regarding 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 sums insured in total would exceed the insurable value. In the event of multiple insurance the insurers are liable as solidary debtors.

9. Policyholder's obligations

- 9.1. Persons who share the same household as the policyholder as well as the lawful possessors of the insured object or persons who use the insured object with the consent of the owner or the lawful possessor are treated equally to the policyholder. The policyholder's contractual obligations also apply to the persons treated equally to the policyholder.
- 9.2. The policyholder is obligated to:
 - 9.2.1. follow the legislation in force in the Republic of Estonia, user manuals of equipment manufacturers, safety requirements set out in the insurance contract and the special and additional conditions of the insurance contract;
 - 9.2.2. explain the obligations arising from the insurance contract to persons equalised with the policyholder;
 - 9.2.3. allow the representative of PZU to inspect the place of insurance, the insured objects and the documentation required for entry into the insurance contract;
 - 9.2.4. submit full and correct information for evaluation of the insured risk and inform, upon entry into the insurance contract, of any and all essential circumstances known to the policyholder, which affect PZU's decision to enter into an insurance contract or to do so on the agreed terms and conditions;

9.2.5. immediately inform PZU of the possibility of an increase of the insured risk (e.g. if there are changes in comparison with the insurance contract);

9.2.6. to take any steps to prevent an insured event and reduce possible damage, prevent an increase of the possibility of the insured risk and not let persons equalised to the policyholder do it;

9.2.7. immediately inform of the emergence of multiple insurance;

9.2.8. immediately inform of the transfer of the insured object.

9.3. Upon occurrence of an insured event, the policyholder is obligated to:

9.3.1. immediately take measures for saving the insured object, preventing an increase of the damage and reduce damage;

9.3.2. immediately inform the following authorities of what happened:

- a) the police, if the activities of a third person is suspected;
- b) the local rescue board, if fire or explosion is involved;
- c) another competent authority or person.

9.3.3. inform 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 occurrence of the insured event cannot be determined, the time when the policyholder or a person equal to the policyholder should have learned of the insured event shall be deemed as the time of occurrence of the insured event;

9.3.4. where possible, keep the place of occurrence 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, the post-insured event property or the remains thereof to PZU for inspection. The policyholder must not start restoring the damaged property or utilise it without the consent of PZU.

9.5. The policyholder must submit to PZU all information available to the policyholder, which is necessary for determining the contractual obligations of PZU, incl. any and all documents regarding the causes and size of damage, and authorise PZU to obtain the required information and documents.

9.6. In the event of getting back a stolen or robbed insured object, the policyholder shall inform PZU thereof immediately in writing or in a format that can be reproduced in writing.

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

9.8. The aforementioned obligations of the policyholder do not constitute any exhaustive list. Other obligations may be contained in other articles of

these conditions and in other documents of the insurance contract.

10. Safety requirements

- 10.1. The policyholder and the 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.
- 10.2. An automatic fire detection system must be in working order, switched on 24 hours a day and designed, installed and regularly maintained in accordance with the legislation in force.
- 10.3. All doors, windows, latches and other openings of the building of the place of insurance must be closed and locked in such a manner that without using a false key, picklock or any other mechanical aid or a key unlawfully obtained it would be impossible to remove the obstacle or lock preventing entry to the location of the property and enter the place of insurance. 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.
- 10.4. The automatic security alarm system must be in working order and regularly maintained; in the event of a threat it must engage and ensure the communication of the alarm. 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.
- 10.5. The building's water supply, sewerage, heating and cooling system must be maintained regularly and protected against freezing. Water supply, sewerage, heating and cooling 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.

11. PZU's obligations

PZU is obligated to:

- 11.1. introduce to the policyholder the document relating to the insurance contract before signing the insurance contract;
- 11.2. not to disclose the information disclosed to it in connection with the insurance contract;
- 11.3. immediately after receiving a loss notice from the policyholder commence the handling of the insured event and identify the size of the damage to be indemnified;
- 11.4. register the loss notice and introduce to the policyholder the procedure for resolution of the insured event and indemnification of damage;

- 11.5. inform the policyholder as soon as possible of the documents required for identification of the reason and size of the damage caused by the 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. In the event a criminal procedure has been initiated, PZU has the right to postpone a decision being made until charges are pressed against a person, the criminal procedure is terminated or the decision of termination reaches PZU.
- 11.7. If during the period of validity of the insurance contract PZU amends the standard conditions and/or the insurance premium, the amendment shall be explained to the policyholder upon informing the policyholder of the amendment.

12. Insurance indemnity and ways of indemnification

- 12.1. Insurance indemnity means an amount of money that is paid for compensation of material damage suffered as a result of an insured event and expenses agreed on in an insurance contract.
- 12.2. The size of the insurance indemnity per insured event is limited to the sum insured. If the total amount of the material damage and expenses listed in article 5.2 exceeds the sum insured, the expenses listed in article 5.2 shall be indemnified in addition to the sum insured, and the limits established in article 5.1 shall thereby be taken into account.
- 12.3. The ways of indemnification include a monetary indemnity and compensation of the costs of restoration, incl. repairs and improvement, or reacquisition of the damaged object or replacement of the damaged object with an equal object. PZU determines the way of indemnification.

13. Excess

Excess means a portion of damage to be indemnified, specified in an insurance contract and borne by the policyholder in each insured event. The amount of excess is always borne by the policyholder and PZU does not indemnify it.

No excess is applied in case of the insured event which is a fire if more than 50% of the building that constitutes the insured object is destroyed.

14. Procedure for indemnification

- 14.1. Upon occurrence of an insured event PZU indemnifies the material damage caused and the expenses agreed on in the insurance contract. The insurance indemnity is calculated on the basis of the insurable value of the insured object damaged, destroyed or lost following an insured event immediately before the occurrence of the insured event.
- 14.2. The amount of damage comprises the sum required for restoring or reacquisition of the damaged, destroyed or lost insured object and compensation of the expenses specified in article

5.2; thereby the limits established in article 5.1 are taken into account.

14.3. PZU indemnifies the damage caused without applying the conditions of underinsurance.

14.4. In the event of overinsurance PZU compensates 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 damage is indemnified to the policyholder or to the injured person at the policyholder's consent. If no beneficiary is specified in the insurance contract, the policyholder is considered the beneficiary.

14.6. The beneficiary is entitled to the portion of the indemnity that exceeds the residual value of the structure before the occurrence of the insured event, provided that the insurance indemnity is used for restoring a structure of the same type and function and located in the same place, within two years as of the adoption of the decision to indemnify. The portion of the insurance indemnity that exceeds the residual value of the structure before the occurrence of the insured event is indemnified on the basis of a calculation submitted regarding the restoration of the structure, provided that the restoration has achieved a ratio proportionally equal to that of the residual value of the property before the insured event and the reinstatement value of the structure. The residual value means the reinstatement value less the tear and wear of the building.

14.7. PZU has the right to a set-off of the obligations assumed under the insurance contract and the portions of the insurance premium payable until the end of the insurance period under the insurance contract.

14.8. If the policyholder or the beneficiary gains possession of the stolen or robbed property after payment of the insurance premium, the property shall be handed over to PZU or the insurance indemnity shall be refunded.

15. Release of PZU from obligation to perform insurance contract

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

15.1. the policyholder or a person equal to the policyholder has violated at least one of the obligations specified in article 9 or 10 and there is a causal link between the failure to perform the said obligations and the occurrence of the insured event and/or consequence thereof;

15.2. the insured event has occurred due to the gross negligence or intent on the part of the policyholder, a person equal to the policyholder or the beneficiary;

15.3. the insured event is caused by the activities of the policyholder or a person equal to the policyholder under the influence of alcohol, narcotic drugs or other psychotropic substances;

15.4. the policyholder or the beneficiary has submitted false information about the circumstances of occurrence of damage and/or size of damage.

16. Refunding insurance indemnity

The policyholder shall return the insurance indemnity to PZU if after indemnification of damage circumstances precluding indemnification have become evident or if a third party has indemnified the damage pursuant to the procedure provided by law.

17. Resolution of disputes arising from insurance contract

17.1. For the resolution of any disputes with PZU, the policyholder is entitled to address the insurance dispute body at the Estonian Insurance Association. The insurance dispute body is addressed and any dispute is resolved thereby pursuant to the procedure of the insurance dispute body (see the homepage of the Estonian Insurance Association at www.eksl.ee).

17.2. Any disputes arising from the insurance contract, including such disputes in respect whereof the insurance dispute body has failed to resolve, are subject to resolution by the Harju County Court.

18. Notices

Any and all notices between the parties to an insurance contract regarding performance of the contract shall be submitted in a format that can be reproduced in writing or by calling PZU at 1526.

19. Insurance contract made for period exceeding 12 months

19.1. If an insurance contract is made for a period exceeding 12 months, PZU shall have the right to amend the standard conditions and/or the insurance premium of the insurance contract, but not with regard to the first 12 months of the insurance contract.

19.2. If an insurance contract is made for a period exceeding 12 months, the policyholder may withdraw from the contract within 14 days. Sending a withdrawal application within the term is sufficient for adherence to the term. The term shall not start before PZU has informed the policyholder of the right of withdrawal and the policyholder has confirmed notification by their signature. If the policyholder is not informed of the right of withdrawal, the right of withdrawal shall terminate as of the passing of one month from the payment of the first portion of the insurance premium.

19.3. If during the term of validity of an insurance contract the insurance contract is amended, PZU shall send the policyholder a new policy and amended contract documents and the old policy shall become invalid as of the issue of the new policy.

19.4. Upon amendment of a contract, the amended contract documents shall be sent at the e-mail address given to PZU or, upon the 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 must not be

retroactive. Sending documents to the said e-mail address or postal address is deemed delivery of the documents.

19.5. 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 shall not start before PZU has informed the policyholder of the right of cancellation and the policyholder has confirmed notification by 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.