

Translation from Lithuanian language. These terms and conditions are concluded in Lithuanian and translated to English. In case of any discrepancies or doubts between the English and Lithuanian texts, the Lithuanian version shall prevail.

## TERMS AND CONDITIONS ON THE INSURANCE OF THE PROPERTY OF ENTERPRISES

(Approved by Resolution of the Board of UADB Compensa Vienna Insurance Group of 24 February 2016, applicable from 1 April 2016)

UADB Compensa Vienna Insurance Group (hereinafter – the Insurer), on the basis of these Regulations on the Insurance of the Property of Enterprises (hereinafter – the Regulations) and/or of the extension clauses concludes Insurance Contracts with natural and legal persons or unincorporated entities (hereinafter – Policyholders), and undertakes, on the occurrence of an insured event during the effective period of the insurance cover, to disburse the insurance indemnity calculated in accordance with the procedure set out in the Insurance Contract.

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### I. GENERAL PART

The General Part of the Regulations defines the framework provisions of the Insurance contract applicable to many insurance products, including (but not limited to) the provisions of conclusion, performance and termination of the contract, the insurance premium calculation procedure, the time limits and ways of its payment, the general rights and obligations of the parties to the contract, the general obligations in the case of occurrence of the insured event, the general procedure of calculation and payment of the insurance indemnity, the cases of its reduction and refusal, and the conditions of amendment and termination of the contract. The General Part of the Regulations lays down only general conditions of insurance applicable to the Insurance contract that are supplemented by the conditions of the Special Part of the Regulations and the Supplementary Conditions of Insurance, if any.

In exceptional cases, having found any discrepancy or inconsistency between the provision enshrined in the General Part of the Regulations and their Special Part, the insurance condition established in the Special Part of the Regulations shall apply.

### I. DEFINITIONS OF TERMS OF THE GENERAL PART

1.1. **Insured** – means the Policyholder or another person specified in the Insurance contract whose property interests are insured.

1.2. **Right of recourse (Subrogation)** – means the Insurer's right to claim the refund of the disbursed insurance indemnity from the person liable for damage. Subrogation shall not apply to the Policyholder, except for exclusions provided for in the Law and these Regulations.

1.3. **Policyholder** – means the person who applies to the Insurer for the conclusion of an insurance contract or who is offered by the Insurer to conclude an insurance contract or who concludes an insurance contract with the Insurer.

1.4. **Insurer** – means UADB Compensa Vienna Insurance Group.

1.5. **Insured event** – means a sudden and unexpected event which does not depend on the will of the Policyholder, the Insured or the Beneficiary and upon occurrence of which the Insurer is obliged to pay the insurance indemnity.

1.6. **Insurance cover** – means the Insurer's obligation to pay the insurance indemnity when the insured event occurs.



1.7. **Insurance premium** – means the amount of money fixed in the Insurance contract which is paid by the Policyholder to the Insurer for the insurance cover according to the terms and conditions of the Insurance contract.

1.8. **Insurance period** – means the time period indicated in the insurance policy defining the validity of the Insurance contract, provided that the obligations of the parties assumed under the contract are fulfilled in a proper and timely manner, in particular the obligation of the Policyholder to pay in time the fixed insurance premium of the specified amount.

1.9. **Insurance cover period** – means the period during which the insurance cover is provided under the Insurance contract; this period shall not necessarily coincide with the Insurance period.

1.10. **Insurance policy** – means a document issued by the Insurer to confirm the conclusion of the Insurance contract.

1.11. **Insurance risk** – means likely threat to the insurance object.

1.12. **Sum insured** – means the amount of money fixed in the Insurance policy or calculated in accordance with the procedure set out by the Supplementary Conditions of Insurance which may not be exceeded by the insurance indemnity or the sum total of insurance indemnities, except in the cases provided for in the Insurance contract.

1.13. **Insurance contract** – means a contract the parties to which are the Insurer and the Policyholder. By concluding an insurance contract the Policyholder undertakes to pay insurance premiums to the Insurer. The Insurer undertakes, upon occurrence of the insured event, to pay the insurance indemnity fixed in the Insurance contract calculated in accordance with the procedure set out in the Insurance contract. The Insurance contract shall consist of these Regulations, the Policyholder's written application for concluding the Insurance contract (if any), the Insurance policy, the numbered annexes to the Insurance contract, written documents of the Insurer and the Policyholder whereby they agree on the supplementary (individual) conditions of insurance.

1.14. **Insurance value** – means the value of the property being insured or of the property risk in monetary expression.

1.15. **Double insurance** – means payment of an insurance indemnity to the Policyholder for the same loss under several insurance contracts where the Insurer indemnifies the loss proportionately to his share of liability. In that case the sum total of insurance indemnities should not exceed the amount of loss.

1.16. **Deductible (franchise, unconditional deductible)** – means an amount by which in the case of each insured event the Insurer unconditionally reduced the payable insurance indemnity, unless the Insurance contract specifies otherwise. This amount may be expressed as a fixed amount of money, a percentage or a definite period. The deductible shall be considered to be unconditional, unless the Insurance contract specifies otherwise.

1.17. **Beneficiary** – means the person named in the Insurance contract or designated by the Policyholder, or another person who has the right and legitimate interest to receive the insurance indemnity.

1.18. **Underinsurance** – means a case when upon occurrence of an insured event the Insurer must indemnify to the Policyholder or the Beneficiary the part of losses incurred thereby pro rata to the ratio of the Sum Insured and the Insurance Value, if the established Sum Insured is smaller than the Insurance Value.

1.19. **Losses** – means a monetary expression of incurred damage.

1.20. **Non-insured event** – means an event indicated in the Insurance contract and/or in a legal act, with respect to which the Insurer shall not pay the insurance indemnity and shall not compensate for any incurred losses.

1.21. **First Loss Insurance** – means insurance when the sum insured without applying the Underinsurance clause is smaller than the Replacement Value. In the case of the Insured Event damage shall be indemnified up to the sum insured specified in the Insurance Contract, disregarding the ratio of the sum insured and the insurance value.

1.22. **Conditional deductible** – means an amount of loss that must be covered by the Policyholder if losses do not exceed the amount of the deductible. In the insurance contract, this amount may be expressed as a fixed amount of money, a percentage or a defined period. Where losses exceed the level of the conditional deductible, the Insurer shall compensate for the Policyholder's total loss without deducting the specified deductible.

1.23. **Sub-limit** – means an amount fixed in the Insurance contract without exceeding which the Insurer shall pay the insurance indemnity under a supplementary or individual insurance condition included in the insurance policy with respect to the insured event specified in the Insurance contract for the entire effective period thereof.

1.24. **Persons related to the Policyholder** – means employees of the Policyholder (Insured) (persons working on the basis of an employment contract or a civil contract, provided they act on instruction of the Policyholder and/or are controlled thereby), board members and other persons to whom the Policyholder has assigned the insurance object or otherwise legally entrusted it for keeping and taking care, other representatives authorised in accordance with the procedure laid down by laws, including the Policyholder's (the Insured's) spouse, persons who live together and hold a common household with the Policyholder, parents, adoptive parents, grandparents, children, foster-children, grandchildren, brothers, sisters and their husbands and wives of the Policyholder (the Insured) or of the spouse of (or a person holding a common household with) the Policyholder (the Insured).

1.25. **Regulations** – means the standard terms and conditions of the Insurance Contract drawn up by the Insurer which consist of the General Part, the Special Part and Supplementary Conditions of Insurance, if any.

1.26. **Third party** – means a person, who is not linked by insurance relationships to the Insurer and the Policyholder under the concluded Insurance Contract. Related persons of the Insurer or Policyholder shall not be considered to be a third party.

1.27. **Damage** – means material loss related to the destruction, damage or loss of the insured property, injury or death of a person and resulting expenses (direct losses) from insured events specified in the Insurance contract. The definition of damage provided for in the Special Part of the Regulations and/or in the Supplementary Conditions of Insurance may be different depending on the insurance object. In all instances, the concept of Damage shall exclude lost income and compensation for non-property damage, unless specified otherwise.

## 2. INSURANCE CONTRACT CONCLUSION, VALIDITY AND TERMINATION

2.1. The insurance contract shall be concluded on the basis of a written or verbal application filed by the Policyholder with the Insurer.

2.2. Prior to concluding the Insurance contract or during its effective period, the Policyholder must provide the Insurer with the information on the essential circumstances indicated by the Insurer and on other circumstances known to the Policyholder that might affect the underwriting of insurance risk, the likelihood of the insured event and the amount of potential damage. The essential circumstances that must be specified by the Policyholder in all cases shall include, but shall not be limited to all of the below specified information:

2.2.1. the information entered in the application of the established format for concluding the Insurance contract, where applicable;

2.2.2. the information requested by the Insurer in writing (including by e-mail);

2.2.3. the information whether the insured object has already been insured by other insurance undertakings;

2.2.4. other information specified in the Regulations.

2.3. The Policyholder shall be responsible for the correctness and accuracy



of the information provided to the Insurer.

2.4. Where, at the time of conclusion of the Insurance contract or during its effective period, it transpires that the information provided by the Policyholder is wrong, false or incomplete the Policyholder must forthwith update such information. Otherwise it shall be considered as material breach of the Insurance contract entitling to terminate the Insurance contract and invoke other measures specified by law. Where the Policyholder has not provided the specified information by negligence, upon occurrence of the insured event the Insurer shall have the right to reduce the payable insurance indemnity (pro rata to the ratio between the agreed insurance premium and the insurance premium that would have been fixed for the Policyholder if he had fulfilled the established obligation) or refuse to pay the insurance indemnity (if the Insurer, being aware of not reported circumstances would not have concluded the Insurance contract).

2.5. The Insurer shall have the right, but not the obligation, to examine the Insured Property and/or the insured risk prior to concluding the Insurance contract.

2.6. The Insurer shall have the right to refuse concluding the Insurance Contract without notifying the person of the reasons for the refusal.

2.7. The Insurance contract shall be concluded in written form and its conclusion shall be confirmed by the Insurance policy issued by the Insurer.

2.8. The Insurance contract shall be concluded on the basis of the Regulations (according to standard conditions), unless the Parties agree in writing otherwise (by signing a joint document).

2.9. The Insurance contract shall be concluded for 1 (one) year period (the insurance period), unless specified otherwise in the written agreement of the Parties or in the insurance policy.

2.10. The Insurance contract shall enter into force and the insurance cover shall apply only from payment of the insurance premium or its first instalment (where payment of the insurance premium is arranged in instalments); however in all cases not earlier than from the beginning of the insurance period specified in the insurance policy. The Special Part of the Regulations may provide for supplementary conditions under which the insurance cover shall begin to apply.

2.11. The Insurance policy may provide that payment of the insurance premium or its first instalment (where payment of the insurance premium is arranged in instalments) is deferred, unless Special Part of the Regulations provides otherwise. Where the insurance premium payment date fixed in the Insurance contract is later than the date of conclusion of the Insurance contract or of the insurance period indicated in the Insurance policy:

2.11.1. When the Policyholder pays the insurance premium at the time fixed in the contract, the Insurance contract shall come into force only from the moment of payment of the insurance premium; however, in that case the insurance cover shall also apply to the insured events that occur during the period from the beginning of the specified insurance period until the entry into force of the Insurance contract (over that period the Policyholder must fulfil all his obligations laid down for him by the Insurance contract);

2.11.2. If the Policyholder fails to pay the insurance premium at the time fixed in the Insurance contract, subparagraph 2.12 of this Section shall apply.

2.12. If the Policyholder fails to pay at the time indicated in the Insurance Contract the insurance premium or its first instalment, where the payment of the insurance premium is arranged in instalments, the Insurance Contract shall enter into force and the insurance cover shall be provided only from the next day following the payment of the insurance premium, provided that the insurance premium was paid no later than within 1 (one) month of the deadline fixed in the Contract. In that case the effective period of the Insurance contract indicated in the Insurance contract (policy) shall not be extended. If the payment of the insurance premium by the fixed time limit is delayed for more than 1 (one) month, the Insurance

Contract shall not enter into force and shall automatically terminate. The Insurer shall not be required to additionally notify of such automatic termination of the Contract.

2.13. If only a part of the insurance premium or of its first instalment, where the payment of the insurance premium is arranged in instalments, is paid, the Insurance Contract shall not enter into force and the insurance cover shall not be provided, and the insurance premium paid is refunded to the Policyholder within a reasonable term.

2.14. If the Policyholder fails to pay by the fixed time limit the insurance premium or its instalment to the payment of which the entry into force of the Insurance contract is not linked, the Insurer shall have the right to terminate the Insurance contract with such Policyholder in accordance with the procedure laid down by law.

2.15. The Insurance Contract (insurance cover) shall expire:

2.15.1. upon expiration of the insurance period specified in the Insurance Contract or upon occurrence of the event defined in the Insurance contract or in the Special Part to which the expiration of validity of the insurance cover is linked;

2.15.2. on agreement of the parties or upon unilateral termination of the Insurance Contract (cessation of the Insurance Contract);

2.15.3. upon payment of all sums insured specified under the Insurance Contract or of the total sum insured fixed for all insurance objects, except in the cases where the insurance object is insured by the revolving sum insured. In that case the contract shall expire from the date of the event on the basis of which the Insurer disburses the full amount of the insurance indemnity;

2.15.4. upon transfer of the right of ownership to the insured property to another person, except in the cases where the Policyholder becomes the owner of the insured property;

2.15.5. upon destruction (death) of the insurance object (including destruction or theft of the insured object of insurance, death of the insured person) due to both the insured event and the event that is not considered to be the insured event. Where more than one insurance object is insured under one Insurance contract, the Insurance contract shall be terminated only with respect to the destroyed (deceased) insurance object;

2.15.6. upon liquidation of the Policyholder (legal person) when there is no legal successor of his rights and obligations;

2.15.7. on other grounds established by laws and by the Special Part of the Regulations.

### 3. INSURANCE PREMIUM

3.1. The amount of the Insurance premium shall be calculated by the Insurer according to the rates of insurance premiums applicable on the day of conclusion of the Insurance contract, the information provided by the Policyholder, the insured object, the sum insured, the insurance risk and other conditions laid down in the Insurance contract or in the Special Part of the Regulations.

3.2. The Insurance premium, the time limits and ways of its payment shall be specified in the Insurance contract.

3.3. The Insurance premium or its instalment, where the payment of the insurance premium is arranged in instalments, shall be considered to be paid when cash is deposited with the cashier's office of the Insurer or its representative and the document confirming this is issued or when the insurance premium is paid by a bank payment order. Where the insurance premium is paid by a bank payment order the payment date shall be considered to be the date of crediting the insurance premium to the Insurer's account.

3.4. Upon expiration of validity of the Insurance contract or upon its termination, the Policyholder's obligation to pay the insurance premium for the effective period of provision of the insurance cover shall survive. The Insurer shall have the right to request from the Policyholder the



compensation for the incurred costs related to the recovery of debts under the Insurance contract.

3.5. Where the insurance premium or its instalment is not paid when due, the Insurer shall have the right to charge a penalty of 0.02 percent on the outstanding amount for each day of delayed payment;

3.6. Other consequences of the overdue payment are specified in paragraphs 2.10 – 2.14 of the General Part of these Regulations.

#### **4. SUM INSURED**

4.1. Sum insured – means the amount of money calculated in accordance with the procedure specified in the Insurance policy or in the Regulations and/or in accordance of the established procedure, which may not be exceeded by the insurance indemnity and by the sum total of all insurance indemnities which may be paid by the Insurer with respect to all insured events that occur under the Insurance contract and/or the insurance clause (variant) selected by the Policyholder.

4.2. The sum insured shall be determined at the request of the Policyholder and the Insurer shall not be liable for the sum insured which is determined inappropriately. The Insurer shall have the right only to recommend to the Policyholder the amount of the sum insured to be determined.

4.3. The Insurance contract may fix the total sum insured for all insurance objects which cannot be exceeded by the amount of all insurance indemnities paid under the insurance contract in respect of all insured events over the entire effective period of the insurance contract.

4.4. The sum insured shall be reduced by the amount of paid insurance indemnities (the decreasing sum insured) until it is used up in full. The Insurance policy of the Special Part of the Regulations may provide that the insurance object or part of the insurance objects shall be insured for the revolving sum insured, in which case the sum insured shall not be reduced by the amount of paid insurance indemnities. Unless specified otherwise in the Insurance contract, it shall be considered that the fixed sum insured is decreasing.

4.5. At the request of the Policyholder, upon payment of the additional insurance premium, the Insurer may increase or supplement the sum insured for the remaining period of the insurance cover.

4.6. In the insurance contract, the parties may agree upon and fix individual sums insured and sub-limits for the sum insured with respect to individual types of damage or one insured event. If this is the case, upon occurrence of the insured event, the Insurer shall pay the insurance benefit without exceeding the amount of the respective sub-limit. None of the determined sub-limits may exceed the established sum insured.

4.7. Where the insurance indemnity is paid on the basis of the fixed sub-limit, each time upon payment of the indemnity the determined sub-limit shall also be reduced, and the established sum insured shall be reduced by the same amount. The Insurance contract shall apply further at the amount of such sub-limit and sum insured which remains after deducing the paid amount of the insurance indemnity.

#### **5. RIGHTS AND OBLIGATIONS OF THE PARTIES DURING VALIDITY OF THE INSURANCE CONTRACT, GENERAL OBLIGATIONS UPON OCCURRENCE OF THE INSURED EVENT**

5.1. The Policyholder shall be obliged to make every effort to prevent the insured event, take all necessary measures to avoid damage and follow written instructions of the Insurer.

5.2. The Policyholder must allow the Insurer or an authorised representative of the Insurer to examine the insured object of insurance and check that the Policyholder complies with the conditions provided for in the Insurance Contract and instructions of the Insurer. The failure to observe the requirements specified in this provision shall be deemed to be a

material breach of the insurance contract which entitles the Insurer to terminate the insurance contract

5.3. During the effective period of the insurance contract the Policyholder must forthwith, but no later than within 3 (three) working days, notify the Insurer in writing of any changes of in all circumstances that may affect the occurrence of an insured event and/or damage to the object of insurance and the amount of potential losses (increase or decrease of the insurance risk). In those cases where the Policyholder could not reasonably foresee in advance the change of such circumstances, the Policyholder shall be obliged to report the increase or decrease in the insurance risk within 3 (three) working days of the change of such circumstances. If the Policyholder defaults on the obligation specified in this paragraph, the Insurer shall have the right to demand the termination of the contract and the compensation for losses to the extent not covered by insurance premiums, but the Insurer shall have no right to demand the termination of the Insurance Contract if such circumstances have ceased.

5.4. The cases of increase of the insurance risk shall be additionally specified in the Special Part of the Regulations, the Supplementary Conditions and/or the Insurance contract.

5.5. Having received the information on the increase in the insurance risk, the Insurer shall have the right to change the terms and conditions of the Insurance Contract and demand the payment of the additional insurance premium. Upon decrease of the insurance risk, the Policyholder shall have the right to ask the Insurer to change the terms and conditions of the Insurance Contract or to reduce the insurance premium.

5.6. The Policyholder shall be obliged to inform the Insurer on all insurance contracts concluded or to be concluded with other insurers with respect to the same risk and the same insurance object and on the terms and conditions of such insurance contracts both before concluding the Insurance contract and during its effective period.

5.7. Upon occurrence of the Insured event, the Policyholder (the Insured, the Beneficiary) shall be obliged to:

5.7.1. take all available actions and measures to avoid the damage and/or to reduce the amount of likely damage;

5.7.2. immediately, but no later than within 3 (three) working days, report the fact of the Insured Event to the Insurer;

5.7.3. immediately report the event to the respective authorities and/or services (police, fire service, emergency service, approach medical institutions, etc.);

5.7.4. fulfil the instructions of the Insurer or representatives thereof, follow the recommendations, provide with the information and required authorisations;

5.7.5. allow the Insurer or his representative to freely examine the causes or circumstances of the event, to determine the loss amount and the causes or circumstances of the event;

5.7.6. provide full assistance to the Insurer or his representative and determine the amount of loss, submit all required related documents and information;

5.7.7. carry out other actions provided for in the Special Part of the Regulations.

5.8. The Policyholder (the Insured, the Beneficiary) shall have the right to be informed on the progress of investigation of the insured event, and to receive the insurance indemnity in the case of the insured event in accordance with the procedure laid down by laws.

5.9. After disbursement of the insurance indemnity, the right to claim the indemnification of damage from the person liable for damage (subrogation) shall pass over to the Insurer. The Policyholder (the Insured, the Beneficiary) shall be obliged to provide all available information necessary for the enforcement of the Insurer's right of subrogation claim and to provide a possibility to carry out the actions that are necessary in order to effectively enforce the right arising on subrogation basis.

5.10. When the Policyholder or the Insured fully or partially refuses to



lodge claims against the party liable for damages for the full or partial compensation for damages, or where this is impossible through the fault of the Policyholder or Related persons of the Policyholder, the Insurer shall have the right to refuse the disbursement of all or part of the insurance indemnity. Where such a circumstance transpires already after disbursement of the insurance indemnity, the Insurer shall have the right to demand the full or partial repayment of the insurance indemnity.

5.11. The Policyholder shall have the right to request the termination of the Insurance contract in the cases specified by laws or in the Insurance contract.

5.12. The Policyholder, the Beneficiary or the Insured shall have the right to acquaint with their personal data processed by the Insurer and request to correct incomplete, wrong or inaccurate personal data or make a reasoned and legitimate objection to the processing of their personal data.

5.13. Where only part of the (insurance) value of the property or risk is covered by the Insurance contract, except in the cases provided for by laws, the Policyholder (the Beneficiary) shall have the right to insure them additionally by concluding an additional insurance contract with the same or another insurer. However, in such cases the total sum insured under all insurance contracts may not exceed the insurance value (Supplementary insurance).

## **6. PAYMENT AND CALCULATION OF THE INSURANCE INDEMNITY**

6.1. The Insurance indemnity shall be paid with respect to the insured events provided for in the Insurance contract.

6.2. The insurance indemnity payable by the Insurer shall be determined on the basis of damage calculated in accordance with the procedure laid down in the Insurance contract and the established sum insured, taking account of double insurance or underinsurance, having deducted the specified Deductibles (franchises). Where with respect to one insured event the insurance indemnity is paid according to the insurance conditions of several insurance objects (events, insurance variants) specified in the Insurance contract, only one established unconditional deductible, which is the largest, shall apply to the insurance indemnity to be paid and its amount shall be deducted from the indemnity.

6.3. The Insurer shall have the right to pay the insurance indemnity without applying the deductible specified in the Insurance contract, where the party directly liable for the event is identified and there is a real possibility to recover the disbursed amounts from the liable party.

6.4. The insurance indemnity shall be paid within 30 (thirty) calendar days calculating from the day on which the Insurer receives all information necessary for determining the fact and circumstances of the Insured Event and the amount of losses. Where according to the terms and conditions of the Insurance contract the Insurance indemnity is paid periodically, this time limit shall apply to the first instalment of the specified insurance indemnity.

6.5. Where the investigation of the insured event lasts longer than 30 (thirty) days of the day of reporting on the occurrence of the insured event, the Insurer must notify the Policyholder (the Insured) of the progress of the investigation under way and specify the reasons for the prolonged investigation.

6.6. The calculated insurance indemnity shall be reduced by insurance premiums outstanding under the Insurance contract the payment term of which has already expired, unless the Insurer and the Policyholder have agreed otherwise. When the sum insured is used up in full or in the event of destruction (death) of the insurance object, i.e. the insurance indemnity or the total amount of insurance indemnities paid is equal to the sum insured, the Insurer shall deduct from insurance indemnities all outstanding insurance premiums, regardless of their payment deadlines.

6.7. Where the occurring event is recognised to be the insured event and

the Insurer and the Policyholder fail to agree on the amount of the insurance indemnity, the Insurer shall be obliged to disburse, at the Policyholder's request, the amount equal to the loss amount which is not disputed by the parties, where the determination of the precise amount of damage lasts longer than 3 (three) months.

6.8. Where the Policyholder, the Insured or the Beneficiary receive all or part of the indemnification of damage from the party liable for damage, the Insurer shall have the right to reduce the insurance indemnity by such amount received from the liable party.

6.9. Where the Policyholder (the Insured, the Beneficiary) are eligible to receive the insurance indemnity with respect to reimbursement of the same losses under several insurance contracts, the Insurer shall have the right to reduce the insurance indemnity paid pro rata to the reduction of the sum insured under the respective insurance contract. In any case, the insurance indemnity due from each insurer shall be proportionately reduced under each insurance contract so that the total amount of the insurance indemnity does not exceed the total amount of incurred reimbursable losses.

6.10. Where after payment of the insurance indemnity or its part it transpires that the indemnity had not to be paid or had to be paid in a smaller amount, at the written request of the Insurer, the insurance indemnity or the overpaid amount shall be repaid to the Insurer, except in the cases provided for by laws.

## **7. REDUCTION OR REFUSAL OF INSURANCE INDEMNITY**

7.1. The Insurance indemnity also may be reduced or refused in the following cases:

7.1.1. the Policyholder, prior to concluding the contract, had provided misleading information about the circumstances that are of essential value for assessing the insurance risk and (or) for determining the amount of the payable insurance premium;

7.1.2. the Policyholder, the Insured or the Beneficiary fails to report the insured event in timely manner to competent authorities or institutions, when such a duty is provided for in the Special Part of the Regulations;

7.1.3. the Policyholder, the Insured deliberately or by obvious negligence fail to report the event to the Insurer within the time limits provided for in the Regulations and such a violation affected the increase of damage or deprived the Insurer of the possibility to determine the circumstances and consequences of the event, including the precise amount of incurred expenses;

7.1.4. the Policyholder, the Insured or the Beneficiary defaults on all or part of the obligations under the Insurance contract or Regulations or fails to fulfil legal requests of the Insurer;

7.1.5. the Policyholder, the Insured or the Beneficiary receive full or partial compensation for losses from the person liable for damage, unless laws establish otherwise;

7.1.6. the Insurance contract or the Special Part of the Regulations and respective legal acts provide for different conditions.

7.2. The Insurance indemnity shall be refused in the following cases:

7.2.1. the event is recognised to be a non-insured event;

7.2.2. the Policyholder, the Insured Person or the Beneficiary and individuals related to the Policyholder, the Insured Person or the Beneficiary had provided to the Insurer false or incomplete information or documents that materially affect the assessment of the fact, causes, circumstances and/or the potential amount of damage (loss) of the insured event or in order to illegally receive the insurance indemnity;

7.2.3. at the time of concluding the Insurance contract the Policyholder knew that the insured event will inevitably occur, i.e. the event is known in advance;

7.2.4. the Insurance contract or respective legal acts provide for other grounds for the refusal of payment of the insurance indemnity.



7.3. Upon refusal to pay the full amount or a part of the insurance indemnity, the Insurer shall notify to the effect in writing the Policyholder of the person who has filed the claims specifying the reasons and legal grounds for the refusal of payment.

7.4. The Insurer shall also have the right to reduce the amount of the insurance indemnity or refuse to pay the insurance indemnity, where the Policyholder or the Insured deliberately or by gross negligence, ignoring his duty, fails to take actions that could reduce the inflicted damage.

7.5. If the Policyholder fails to observe the safety requirements specified in the Insurance contract and to correct the irregularity.

7.6. as indicated by the Insurer or if the Policyholder causes damage deliberately, the Insurer shall have the right to refuse the payment or to reduce the amount of the insurance indemnity, taking account of the Policyholder's fault, the seriousness of the infringement, the losses resulting from the non-fulfilment of the duty and other significant circumstances.

7.7. The Insurer shall have the right to refuse the payment or to reduce the amount of the payable insurance indemnity because of the Policyholder's breach of the established conditions of the Insurance contract (including the duties), after having assessed the fault of the Policyholder, the seriousness of infringement of the terms and conditions of the Insurance contract, its causal relationship with the insured event, and the amount of damage resulting from the infringement.

## **8. AMENDMENT OR TERMINATION OF THE INSURANCE CONTRACT**

8.1. All amendments and supplementations to the insurance contract must be made in writing when amending the insurance contract and/or its annexes. The amendments and supplements shall take effect from the date specified therein, but not before they are made, unless the parties have agreed otherwise.

8.2. The Insurance Contract may be terminated before the date of its entry into force fixed in the Insurance Contract or during its effective period as follows:

8.2.1. where after conclusion of the Insurance Contract the possibilities of occurrence of the insured event or insurance risk disappear due to circumstances unrelated to the insured event and the Policyholder specifies such circumstances;

8.2.2. at the written request of the Policyholder to terminate the Insurance Contract, having warned 15 (fifteen) calendar days in advance or from another time limit specified in the request, which, however, may not be shorter than 15 (fifteen) calendar days;

8.2.3. upon termination of the Insurance Contract on the Insurer's initiative in accordance with the procedure established by laws, or in the event of material breach of the terms and conditions of the Insurance Contract by the Policyholder.

8.3. The termination of the Insurance Contract shall not relieve the Policyholder from the duty to pay the insurance premium for the effective period of the insurance cover.

8.4. Where the Insurance Contract is terminated by the Policyholder or where the Insurance Contract is terminated by the Insurer by reason of material breach of the of the terms and conditions of the Insurance Contract made by the Policyholder, at request of the Policyholder the insurance premium for the unused period of the insurance cover shall be repaid having deducted from it the costs of conclusion and performance of the contract – 30 % (thirty percent) of the repayable amount of the insurance Premium for the unused insurance period, which shall not be longer than one year, but not less than EUR 10 (ten euro), and the insurance benefits disbursed and (or) reserved under the Insurance Contract.

8.5. The amount of the repayable insurance premium shall be determined pro rata to the duration of the unused period of the insurance cover and each day which begins shall be considered to be the full day.

8.6. The repayment of the repayable insurance premium for the unused period of the insurance cover may be suspended where an insured event is registered in respect of which the decision on the disbursement (refusal) of the insurance indemnity is not yet adopted.

8.7. Where the Insurance Contract is terminated on the Insurer's initiative through no fault of the Policyholder, or on the Policyholder's initiative through the fault of the Insurer, the Policyholder shall be refunded the balance of the insurance premium without deducting the administrative expenses. The remaining part of the insurance premium shall not be refunded when the Insurance contract is terminated according to subparagraph 2.15.3 of the General Part of the Regulations.

## **9. TRANSFER OF RIGHTS AND OBLIGATIONS OF THE INSURER**

9.1. The Insurer's rights and obligations arising under the concluded Insurance contract may be transferred assigned in accordance with the procedure laid down by legal acts.

9.2. If the Policyholder disagrees with the transfer of rights and obligations under insurance contracts to other insurer or insurers, the Policyholder shall have the right to terminate the insurance contract under the procedure defined therein within one month of the transfer of rights and obligations. In the latter case the settlement procedure laid down in paragraphs 8.5 to 8.7 of the Regulations shall apply.

## **10. OTHER PROVISIONS**

10.1. All notifications and representations of the parties in connection with the insurance contract shall be made in writing and sent by e-mail (provided that the sender is identifiable), by fax, delivering against signature or sent by registered or unregistered mail.

10.2. The notification shall be considered to be received on:

10.2.1. the next working day following the sending of the notification – when it is sent by e-mail or fax;

10.2.2. after 3 working days, when sending by unregistered mail;

10.2.3. the day on which a notification of the letter is delivered when registered mail or courier service is used. If the Policyholder fails to arrive to the post office to collect the registered mail delivered to him, such mail shall be considered to be received after 3 (three) working days of its mailing.

10.3. The Policyholder undertakes to notify of the change of his registered office (address). If the Policyholder fails to notify the Insurer of the change of the registered office (address), the duty to deliver a notification or representation shall be considered to be fulfilled when the letter is sent to the last address known to the party. In the latter case the parties agree that legal consequences shall arise after expiration of the reasonable time limit of the day of sending the letter, even if the letter has not reached the addressee.

10.4. The Insurer must investigate the complaint and adopt a decision within 30 (thirty) days of its receipt. In the event of the failure to settle peacefully the dispute arising between the parties, the Policyholder, the Insured and/or the Beneficiary, in the cases set by legal acts, may lodge a complaint with the Supervision Service of the Bank of Lithuania and ask to settle the dispute.

10.5. Disputes arising between the Insurer and the Policyholder shall be settled by way of negotiations, and in the event of the failure to reach agreement – before courts of the of the Republic of Lithuania in accordance with the procedure set out by legal acts of the Republic of Lithuania.

10.6. The matters not regulated by these Regulations and the Insurance Contract shall be addressed in observance of provisions of the Civil Code of the Republic of Lithuania, the Law of the Republic of Lithuania on Insurance and other legal acts applicable in the Republic of Lithuania.



10.7. The Insurance Contract shall be governed by law of the Republic of Lithuania.

## II. SPECIAL PART

The Special Part of the Regulations defines the conditions of insurance which supplement the General Part of the Regulations related to the object of this insurance product (insurance type), the geographical coverage of insurance, the insured and non-insured events, the circumstances extending or narrowing the insurance cover, the mandatory instructions for the Policyholder that minimise the insurance risk, the obligations on the occurrence of the insured event, the rules of calculation of the insurance indemnity, and other special and/or extension clauses.

### I. DEFINITIONS OF THE SPECIAL PART

1.1. **Stocks** – means goods produced or processed by the Policyholder or the Insured Person, also goods and (or) materials acquired for the purposes of further sale (resale), products used in the process of production, semi-finished goods admitted for working or processing, and assets which according to the Policyholder's principles of accounting are attributed to Stocks.

1.2. **Storm** – means strong wind (squall, tornado), when wind speed reaches 17 m/s and more, which can destroy weaker buildings, break branches of trees, move light objects from their places. Wind strength must be supported by certificate issued by a hydrometeorological service.

1.3. **Property of employees** – means personal property of the Policyholder's employees or property necessary for their professional activities, which, on instruction of the employer or according to the established customary practice of the workplace, is kept at the place of work of the employee. For the purposes of these Regulations, monetary funds, vehicles or bijouterie and jewellery shall not be attributed to the Property of employees.

1.4. **Place of insurance** – means place specified in the Insurance Contract (a particular address or territory) where activities are carried out or insured property is located, and the place (a particular address) of temporary storage of the property transferred after the insured event.

1.5. **Smoke (soot)** – means mixture of solid particles and gas generated as a product of combustion resulting from a fire;

1.6. **Fluctuation in power voltage** – means sudden and unexpected rise of power voltage above the standard limits.

1.7. **Fire** – means suddenly and unexpectedly breaking fire by way of self-combustion or due to acts of third persons at a place other than the place specially designated for that purpose, or bursting out from such place and capable of self-spreading;

1.8. **Soil settling** – means reduction of the absolute amplitude of the point of a certain territory caused by carstic phenomena resulting in downward movement of foundations, cracking of walls or other natural settling of soil caused by natural phenomena;

1.9. **Investment costs** –

1.9.1. means expenses supported by documents relating to the current or capital repairs as well as adaptation works and interior fitting-out of buildings or premises that do not belong to the Policyholder or the Insured Person, but are used for carrying out of activities of the Policyholder or the Insured Person;

1.9.2. means expenses planned by the Policyholder or the Insured Person during the insurance year for the reconstruction of insured buildings or premises that belong to the Policyholder or the Insured Person and for purchase of equipment and installations.

1.10. **Equipment and installations** – means all movable property used for activities of the Policyholder or the Insured Person, capital goods or low-value components of assets not attributed to other categories of assets.

1.11. **Hail** – means meteorological phenomenon when during warm season precipitation in the form of ice particles occurs.

1.12. **Temporary storage** – means transfer of movable property outside the territory of the place of insurance after the occurrence of the insured event.

1.13. **Rainfall** – means short-term strong (particularly intensive) rain at a rate of fall of 30 (thirty) mm and more per 12 (twelve) hours or a shorter period;

1.14. **Wreck removal** – means additional costs necessary for clearing and cleaning the place of insurance after the insured event.

1.15. **Mobile equipment** – means all movable assets of the Policyholder and Insured person which according to their direct purpose are adapted for transfer from one place to another and for work not in one particular place.

1.16. **Buildings** – means roofed structure of one or more floors, which is firmly connected to the ground and consists of one or more rooms or other premises separated by walls and partitioning and used for residential purposes or for agriculture, trade, culture, transport and other activities.

The main component parts of a building are construction elements and additional installation of elements: construction elements include foundations, walls, ceiling and floor, roof; additional installations of construction elements include exterior finishing, partitioning, floors, windows, doors, interior finishing, heating, water supply, sewerage (wastewater), gas, hot and cold water, power supply, fire detection and extinguishing systems, telecommunications lines and security systems with installed stationary devices. The buildings specified in these Regulations must be registered in the Register of Real Estate as immovable property.

1.17. **Monetary valuables** – means monetary instruments of the Republic of Lithuania or foreign countries, shares, bonds and other documents substituting cash in circulation.

1.18. **Robbery** – means misappropriation of the property from the place of insurance using or threatening to use physical violence or depriving a person of the possibility of self-defence.

1.19. **Tide** – means sudden rise of water level in rivers, lakes or other water bodies which can lead to the flooding of parts of cities and settlements, agricultural crop areas, road sections or damage to buildings and other property.

1.20. **Fall of a flying object** – means accident or emergency landing/fall of a motorised, non-motorised aircraft or other flying object and/or of their parts or transported cargo, except for fuel dump;

1.21. **Shockwave** – means pressure wave created by sound caused by human use of technologies or natural phenomena when the sound speed is exceeded;

1.22. **Snow (ice) pressure** – means losses caused by intensive snow not characteristic of a given territory when in 24 hr or shorter period the thickness of snow layer increases by 20 cm and more and the insured object or object where insured items are stored is broken by weight of snow;

1.23. **Explosion** – means violent release of energy in limited space based on the feature of extension of gas or steam; implosion related to sudden damage to a reservoir or vessel due to internal pressure which is lower than atmospheric pressure shall also be considered to be an explosion;

1.24. **Structures** – means all items created by way of construction operations using building materials and firmly connected to the ground, including, but not limited to, engineering structures, mixed-type structures, industrial installations, roofs, piping, towers, stokes (funnels), enclosures, fences of buildings or garages, building annexes, superstructures and their parts, engineering structures of installations, technological engineering systems and building engineering systems. For the purposes of these Regulations, buildings (residential, industrial, commercial, offices, health care, education, recreation, agriculture, etc.) shall not be attributed to structures;



1.25. **Glass break** – means damage, destruction or loss of glass, plastic (as a substitute of glass) constructions and their fastening elements inside or outside buildings or structures caused by any sudden and unexpected occurrence.

1.26. **Motor vehicle hitting/impact** – means any destruction or damage of insured property as a result of contact with a motor vehicle.

1.27. **Property of third parties** – means property that belongs to third parties which is managed by the Policyholder or Insured Person on lease, loan-for-use or trust basis and is used for activities of the Policyholder or Insured Person.

1.28. **Flooding** – means effusion of water, water steam or fluids from pipes, water supply, sewerage, heating, ventilation or technological installations, also overflow of water or other liquid from automatically activated fire extinguishing system, or from a household or industrial installation from which in the case of a breakdown water can spill over. Flooding also includes the impact of water resulting from leaving opened water taps or other water switches and valves, if the reason for that is negligence of the Policyholder, Insured Person or third parties. The flooding excludes the cases of activation of fire extinguishing system as a result of liquidation of fire or its consequences, as well as the cases of water spill during repair, reconstruction, modernisation of water systems or building (structure) in which such systems are installed; also water impact resulting from atmospheric precipitation, except where damage is caused by the insured event due to insured risk, or due to thawing of accumulated snow or ice when temperatures suddenly change.

1.29. **Burglary** – means misappropriation or attempted misappropriation of property from premises or protected, fenced territory or by opening such premises with the help of tools or a forged or adapted key, or an original key obtained by the offender upon prior intrusion into other premises or during plunder, or having hid in the premises before their closure, provided there is evidence of the fact of the offender's hiding;

1.30. **Vandalism** – means damage or destruction or property through wilful acts of third persons;

1.31. **Valuables** – means unworked precious metals and metal products, precious stones, works of art, exhibits of museums, antique items (items older than 100 years or items of historic value);

1.32. **Stroke of lightning** – means direct discharge of lightning onto the property, i.e. damage or destruction of the Insured property with or without spread of fire. Indemnified shall be only direct losses caused by lightning impact;

1.33.  **Landslide** – means separation of large mass of soil and its sliding down the slope, caused by natural erosion or water impact.

1.34. **Earthquake** – means vibrations of the earth's crust caused by movement of lithosphere plates in the entrails of earth, volcanic eruptions or carstic pits.

## 2. INSURANCE OBJECT

2.1. The below specified property held by the Policyholder by right of ownership or managed on other legal basis (entrusted by third parties) may be insured according to the Insurance Contract concluded on the basis of these Regulations:

2.1.1. buildings and structures, also stationary equipment or facilities installed in a building or structure and intended for maintenance or protection of a building;

2.1.2. equipment and installations;

2.1.3. stocks;

2.1.4. investment costs;

2.1.5. valuables;

2.1.6. monetary valuables;

2.1.7. property of employees;

2.1.8. property entrusted by third parties;

2.1.9. other property not specified in subparagraphs 2.1.1–2.1.8 of the Special Part, but individually negotiated by the Policyholder and the Insurer and indicated in the Insurance Contract.

2.2. Only the property indicated in the Insurance Contract may be insured.

2.3. The insurance cover shall apply at the Place of insurance in the Republic of Lithuania, as specified in the Insurance Contract.

2.4. According to the Insurance Contract concluded on the basis of these Regulations, without entering a separate reference in the Insurance Contract in this regard, the insurance cover shall apply to the costs of temporary storage and removal of waste after the insured event and such costs shall be indemnified. Maximum limit of insurance indemnity for the extension referred to in this paragraph – 10 % from the amount of the sum insured specified in the Insurance Contract, but not more than EUR 30 000;

2.5. For the purposes of these Regulations, the property specified below shall not be insured and the insurance cover shall not apply to such property, unless the Policyholder and Insurer agree otherwise:

2.5.1. Buildings and structures in emergency condition and movable property existing in them;

2.5.2. Buildings and structures fully or partly intended for demolition and property items inside them;

2.5.3. illegally constructed Buildings and structures and property items inside them;

2.5.4. all types of motor vehicles, trailers, flying apparatuses, watercraft, except where they constitute stocks or property entrusted by third parties;

2.5.5. flora, fauna, excluding flora constituting stocks;

2.5.6. documents that cannot be restored, plans, drawings, software, data in data medium;

2.5.7. coupons, lottery tickets, debit notes, bills, cheques and other instruments substituting cash in circulation, ATMs or other automated machines in which cash is used;

2.5.8. property possession of the Policyholder or the Insured Person obtained from third parties and intended for repair, renovation, sale, safekeeping, etc.;

2.5.9. property owned by the Policyholder located at a place other than the place of insurance indicated in the Insurance Contract (insurance policy);

2.5.10. wells, drill-wells, drainage systems;

2.5.11. movable property transferred by the Policyholder (Insured person) for use to third parties or property of third parties managed, used by the Policyholder (Insured person) without legal basis;

2.5.12. geological formations both laying in natural strata and extracted during excavation works;

2.5.13. valuables, monetary valuables, motor vehicles that are the property of the Policyholder's employees;

2.5.14. bijouterie, collections of collectors, philatelists, numismatists, unless the insurance policy specified otherwise;

2.5.15. deeds, manuscripts, books, drawings, seals;

2.5.16. credit or payment cards;

2.5.17. prototypes, mock-ups, specimen;

2.5.18. illiquid stocks of expired term of validity or removed from circulation;

2.5.19. property to be scraped or utilised;

2.5.20. objects that are at the stage of assembly or installation of any construction operations (excluding ordinary repairs);

2.5.21. transmission and distribution lines (including energy, telephone, lighting lines) within larger than 500 m distance from insured buildings and structures, except for pipes, cables, poles, towers and all types of equipment which may be connected to the aforementioned installations, including substations of all types;

2.5.22. temporary disassembled buildings or structures and property items inside them;

2.5.23. property kept outdoors, in open outbuildings, sheds or structures





covered with canvas, fabric, plastic foil or similar material, due to rainfall, storm, hail or snow/ice pressure, except where according to its direct purpose such property is intended for use outdoors, in open outbuildings, sheds or structures covered with canvas, fabric, plastic foil or similar material;

2.5.24. soil (including system of irrigation or transmission channels), verdure, lawns, railway lines, embankments, trenches, water reservoirs, surface water and groundwater, channels, drilling (mining) platforms, tunnels, bridges, docks, quays, piers, jetties or structures above water surface;

2.5.25. consumables, such as: lubricants, fuel, catalysers, if they do not constitute stocks or property of third parties;

2.5.26. radioactive substances, nuclear fuel, weapons (except for weapons registered in accordance with requirements of applicable legal acts), explosives.

### 3. INSURANCE VARIANTS

3.1. For the purposes of these Regulations, the property may be insured by the following insurance variants:

3.1.1. property insurance against specified risks;

3.1.2. All Risks insurance;

3.1.3. on additional agreement and having entered a special reference in this regard in the Insurance Contract, the property may be insured against risks indicated in the Extension Clauses of these Regulations.

3.2. The insurance variant by which the property is insured, and/or insurance risks against which the property is insured in each case shall be specified in the Insurance Contract.

### 3.3. PROPERTY INSURANCE AGAINST SPECIFIED RISKS

#### 3.3.1. INSURED EVENTS

Insured events shall be all and any sudden and unexpected below-specified events that are out of the Policyholder's control and occur during the effective period of insurance cover at the place of insurance indicated in the Insurance Contract:

3.3.1.1. fire;

3.3.1.2. stroke of lightning;

3.3.1.3. explosion;

3.3.1.4. fall or a flying object;

3.3.1.5. rainfall;

3.3.1.6. smoke (soot);

3.3.1.7. shockwave;

3.3.1.8. hail;

3.3.1.9. storm;

3.3.1.10. landslide;

3.3.1.11. earthquake;

3.3.1.12. motor vehicle impact;

3.3.1.13. flooding;

3.3.1.14. snow/ice pressure;

3.3.1.15. soil settling;

3.3.1.16. tide;

3.3.1.17. burglary;

3.3.1.18. robbery;

3.3.1.19. vandalism;

3.3.1.20. glass break.

3.3.2. The Insurer shall indemnify losses resulting from insured events indicated in the Insurance Contract.

#### 3.3.3. NON-INSURED EVENTS

The following events shall be non-insured events and the Insurer shall not compensate for damages caused by:

3.3.3.1. general non-insured events referred to in Section 4 of the Special Part;

3.3.3.2. explosion in internal combustion engines in the case of explosion in their combustion chambers due to pressure of accumulated gas;

3.3.3.3. damage caused by indirect impact of lightning (indirect impact of lightning – lightning discharge reaching the insured object from the adjacent object affected by lightning);

3.3.3.4. exposure to electrical current, including short circuit, inter-loop circuit, short circuit to housing, short circuit to earth;

3.3.3.5. spill of fluid from leaky fire extinguishing system, also spill of fluid during repair, reconstruction, modernisation of the fire extinguishing system or water system, or building (structure) in which such systems are installed;

3.3.3.6. penetration of fluid in the case of rainfall into insured premises or premises in which the insured property is situated, when the reason for the effusion of fluid is the stoppage of pipes of sewage/rainwater run-off systems, where the stoppage was known to the Policyholder and/or Insured Person;

3.3.3.7. theft from a motor vehicle;

3.3.3.8. any operations of construction (other than ordinary repairs)/assembly/ installation in the insured building, excluding the cases when such operations were not the direct reason of the occurrence of damage;

3.3.3.9. any other events and causes not listed as insured events in subparagraph 3.3.1 "INSURED EVENTS".

### 3.4. PROPERTY INSURANCE AGAINST ALL RISKS

#### 3.4.1. INSURED EVENTS

Insured events shall be all and any sudden and unexpected below-specified events that are out of the Policyholder's control and occur during the effective period of insurance cover at the place of insurance indicated in subparagraph 3.4.2 of this insurance clause.

#### 3.4.2. NON-INSURED EVENTS

The following events shall be non-insured events and the Insurer shall not compensate for damages caused by:

3.4.1.1. general non-insured events referred to in Section 4 of the Special Part 4;

3.4.1.2. internal breakdowns of property, where property was damaged or destroyed not due to exposure to external forces. This item shall not apply where property is additionally insured against the risk of internal breakdowns and this is indicated in the Insurance Contract.

### 4. GENERAL NON-INSURED EVENTS

4.1. The below specified events shall be considered to be non-insured events, unless specified otherwise in the Insurance Contract or/and its annexes:

4.1.1. damage arising as a consequence of war, invasion, hostile acts of a foreign state, military acts (irrespective of whether or not the war is declared), civil war, riot, revolution, partisan war, riot, strike, lockout, sabotage, internal commotion, military or civil take-over actions organised by political organisations or persons related to them, plot, destruction, damage, requisitioning or arrest by public bodies;

4.1.2. damage arising as a direct or indirect consequence nuclear reaction, nuclear radiation or radioactive contamination;

4.1.3. damage arising as a result of the acts of terrorism understood as acts of any type involving the use of force, violence or menaces by a person or a group of persons acting on their own or in the name of any organisation or government, seeking political, economic, religious, ideological or similar purposes, including attempts to influence the government or to intimidate



the population or its certain part;

4.1.4. damage arising from explosion using an explosive device caused by the Policyholder (Insured person) or a person acting on his behalf in the process of manufacturing or use of production;

4.1.5. landslide or soil settling caused by accident in water supply system or sewerage networks or human activities;

4.1.6. damage caused by exposure to insects, rodents, other parasites, animals, corrosion, moulding, decaying, fungi, natural depreciation, but the event occurring as a consequence of these processes will be indemnified;

4.1.7. damage arising from soil survey or design mistakes;

4.1.8. damage arising from collapse, conversion, rise, cracking, contraction or extension of construction elements of buildings or structures, unless all this happens as a consequence of an earlier insured event;

4.1.9. damage arising from use of knowingly defective, poor quality, inappropriate parts, materials, equipment;

4.1.10. damage caused by mysterious, undisclosed disappearance or ordinary theft of property and/or valuables (thefts without elements of intrusion or robbery), swindling, blackmail, embezzlement, misappropriation, fraud, squander, extortion of property;

4.1.11. damage caused by suffusion of any type of fluid through holes or gaps in external elements of envelope of a structure; damage resulting from holes occurring in the process of construction/reconstruction operations shall also not be indemnified, except where such holes or gaps are made by explosion, storm or;

4.1.12. damage resulting from errors and defects for which the manufacturer, supplier, contractor, seller, assembler, a company providing guarantee or technical maintenance is responsible; however, loss to other property will be indemnified;

4.1.13. damage arising due to interruption or stoppage of supply of electricity, heat, gas, unless the trouble is a consequence of the insured event occurring at the place of insurance; in any case indirect losses shall not be indemnified;

4.1.14. damage caused by tide which reoccurs at the Place of insurance at least once in 10 years;

4.1.15. damage resulting from any other events or causes that are not as insured events in the Insurance Contract.

## 5. INSURANCE VALUE AND SUM INSURED

5.1. Upon occurrence of the insured event, the Insurer shall calculate the damage and pay the insurance indemnity on the basis of the insurance value. The type of the insurance value shall be specified in the Insurance Contract. The insurance value may be of the following types:

5.1.1. new replacement value – value corresponding to the costs of restoration of property to the new, but not improved value, i.e.:

5.1.1.1. in the case of buildings and structures – value corresponding to the costs of their repair or reconstruction in the same place, taking account of previous parameters, materials, technology, constructions and finishing standard. If due to technical reasons or restrictions imposed by public authorities it impossible to reconstruct a building or structure of the analogous designation, constructions and quality, the new replacement value shall be the amount of money necessary for the reconstruction of the building which in terms of its functionality and technical characteristics is as close as possible to the building which existed before the event, including the costs of design. When determining the insurance value and the amount of losses in the case of the insured event the heritage, artistic or architectural value is not taken into account;

5.1.1.2. in the case of equipment and installations – value corresponding to the costs of repair of the object of the same type, kind and of the same or similar parameters or of purchase or manufacture of a new object, taking

account of transportation and assembly expenses. Where it is impossible to reconstruct the property of analogous designation, constructions and quality, the new replacement value shall be the amount of money necessary for the reconstruction of the which, in terms of its functionality and technical characteristics, is as close as possible to the building which existed before the event, including the costs of transportation, design and assembly.

5.1.1.2.1. Information and communication technology devices (equipment and installations) shall be insured at new replacement value when the age of such devices is up to 5 years from the date of their manufacturing or putting into operation, unless the Insurance policy specifies otherwise. Other equipment shall be insured at residual value, unless the Insurance Contract provides otherwise.

5.1.1.2.2. Equipment, other than information and communication technology devices (equipment and installations), shall be insured at new replacement value when their age is up to 10 years from the date of their manufacturing or putting into operation, unless the Insurance policy specifies otherwise. Other equipment shall be insured at residual value, unless the Insurance Contract provides otherwise.

5.1.1.3. in the case of stocks – value corresponding to the costs of purchase or manufacturing of stocks of the same type and quality.

5.1.2. residual value – replacement (new) value reduced by depreciation amount, i.e.:

5.1.2.1. in the case of buildings and structures – replacement (new) value, reduced by the amount of depreciation due to age, intensity of use and/or amount specified in the property assessors' conclusions. Depreciation shall apply to materials used at the time of property recovery. Annual rate of depreciation for immovable property is specified in Table No 1 of the Regulations;

5.1.2.2. in the case of insurance of equipment and installations – insurance at residual value according to the rules provided for in point 5.1.1.2 of the Regulations.

5.1.2.3. in the case of insurance of valuables – value corresponding to the value indicated in the conclusions of experts.

5.1.2.4. the property of employees shall always be insured at residual value.

5.2. The sum insured of the property shall be indicated in the Insurance Contract for each group of insurance objects or for each insurance object separately.

5.3. Where, during the effective period of the Insurance Contract, the damaged or destroyed property insured at replacement value is restored, the Sum insured, after payment of the insurance indemnity, shall be restored up to the Sum insured indicated in the Insurance Contract.

5.4. Where, on the day of the insured event, the Sum insured indicated in the Insurance Contract is smaller than the insurance value of the insured property, the underinsurance clause shall apply, except where:

5.4.1. according to the Insurance Contract the First-Loss insurance is provided;

5.4.2. the value of insured property does not exceed 110% of the Sum insured specified in the Insurance Contract for each group of objects.

5.5. Where the sum insured indicated in the Insurance Contract exceeds the insurance value, the Insurance Contract shall not cover the part of the sum insured which is in excess of the insurance value.

5.6. Where the Policyholder is eligible to the insurance indemnity for damage caused during the same insured event under several Insurance Contracts, the rule of double insurance shall apply.

5.7. The Policyholder shall be responsible for guaranteeing the correctness of the insurance value of the insurance object and the matching between the sum insured and the insurance value. During the effective period of the Insurance Contract, the Policyholder shall have the obligation to revise the sum insured in order to avoid under-insurance or over-insurance.



## 6. RIGHTS AND RESPONSIBILITIES OF THE INSURER AND THE POLICYHOLDER

6.1. In addition to the rights and responsibilities of the Insurer and the Policyholder set forth in the General Part of the Regulations, the Insurer and the Policyholder shall also have the rights and obligations specified in this Part.

6.2. Rights and responsibilities of the Insurer:

6.2.1. When requesting the Insurer to conclude the Insurance Contract on the basis of these Regulations, the Policyholder concurrently authorises the Insurer, before submitting the offer, concluding the Insurance Contract or issuing the Insurance policy, to apply to the state enterprise the Centre of Registers for checking the correctness of data related to the Policyholder and necessary for the conclusion of the Insurance Contract.

6.2.2. At the time agreed in advance with the Policyholder, to examine insured objects, check the compliance with safety requirements or other obligations under the Insurance Contract.

6.2.3. If the Insurer finds that the Policyholder has failed to comply with the Insurer's instructions, the safety measures established in the Insurance Contract and/or defaulted on other obligations, the Insurer shall have the right to demand from the Policyholder to eliminate the irregularities within reasonable time limit, and if the Policyholder fails to eliminate them – to unilaterally terminate the Insurance Contract in accordance with the procedure laid down in the General Part of the Regulations.

6.2.4. The Insurer, having received the Policyholder's report, must arrive to the scene of the event or instruct the Policyholder on further actions.

6.3. Rights and responsibilities of the Policyholder:

6.3.1. The Policyholder shall be responsible for the correctness of provided data.

6.3.2. The Policyholder must, no later than within 15 (fifteen) calendar days, inform the Insurer of changes in his contact details (address, phone or fax numbers).

6.3.3. The Policyholder must allow the Insurer to examine the insured property, to check the operation of security devices specified in the Insurance Contract, to determine whether the Policyholder complies with the conditions specified in the Insurance Contract, and eliminate, within reasonable time limit, the irregularities established by the Insurer.

6.3.4. The Policyholder undertakes to take care of the insured property, constructions of buildings/structures, water supply, heating, ventilation, air-conditioning, sewerage systems and electrical installations and ensure their appropriate condition.

6.3.5. The Policyholder must comply with requirements of legal acts for the operation of the property, occupational safety, fire safety and other requirements applicable to the Policyholder's activity.

6.4. ON THE OCCURRENCE OF THE INSURED EVENT, in addition to the obligations established in the General Part, the Policyholder, the Insured Person and the Beneficiary must:

6.4.1. prepare a detailed list of damaged, destroyed or stolen property, specifying the type, year and value of acquisition of the property;

6.4.2. provide the property acquisition documents and/or guarantee documents for the purpose of determining the amount of damage more precisely;

6.4.3. provide the Insurer with estimates, invoices, payment orders supporting the amount of losses and the costs of rescue of the insured property or other documents requested by the Insurer necessary for determining the amount of loss;

6.4.4. provide the Insurer with documents issued by fire service, police or other competent authority confirming the fact and circumstances of the insured event.

6.4.5. provide the Insurer or his representative with free access to examine the damaged property or its wreck;

6.4.6. keep wreck or damaged property remaining after the Insured event until they are examined by the Insurer or his representative and refrain from starting any repair, reconstruction or construction operations (including wreck removal) without consent of the Insurer or his representative;

6.4.7. coordinate with the Insurer in advance the design, repair, production works, the acquisition costs to be allocated for the recovery of damaged or destroyed property;

6.4.8. provide all possible assistance to the Insurer in determining the amount of losses, the causes or circumstances of the event, the persons liable for caused damage, submit related documents so as to enable the Insurer to properly exercise the right of claim transferred thereto.

6.5. The Policyholder's responsibilities specified in the Insurance Contract may also be fulfilled by the Policyholder's employees or other related persons. Instructions given to the Policyholder shall also be binding on the Policyholder's employees or other related persons; therefore, if the latter violate the duties arising from the Insurance Contract, the responsibility for such violation shall rest upon the Policyholder.

6.6. Where the Insurance Contract is concluded for the benefit of another person, the duties specified in the Regulations shall also be binding on the Insured Person/Beneficiary, except where the latter was not aware of the Insurance Contract concluded for his benefit.

## 7. INCREASE OF INSURANCE RISK

7.1. In accordance with the procedure laid down in these Regulations, the Policyholder must report to the Insurer the circumstances which can lead to the increase of insurance risk.

7.2. For the purposes of this type of insurance, the following circumstances shall be considered to be the increase in the insurance risk:

7.2.1. deterioration of condition, removal, partial or full non-operation, disconnection of security or fire safety system at the place of insurance, failure to carry out technical maintenance and checks of such systems, untimely switching on and off of such systems regardless of the reason for which this occurs;

7.2.2. the object in which the insured property is located is not used for more than –30 (thirty) days;

7.2.3. construction operations (except for ordinary repair) in the insured premises or premises in which the insured property is located. Construction operations shall be the works:

7.2.3.1. for which a construction permit must be obtained in accordance with legal acts of the RL;

7.2.3.2. of renovation, replacement, assembly of water supply, sewerage, heating systems or electrical installations;

7.2.4. performance of hot works in the insured buildings or premises in which the insured property is located; such hot works shall include: welding, metal cutting using welding equipment, works involving temperature rise above 100 °C and works carried out using open flame. This condition shall apply only where the Insurer had not been aware of such works before concluding the Insurance Contract;

7.2.5. change of activity being carried out and/or of production technology;

7.2.6. storage of flammable, explosive substances and materials or their use in the activities, except where at the time of concluding the Insurance Contract such substances and materials were already stored and the Insurer was aware of that;

7.2.7. discontinuation of supply of power, water, heating, gas and other resources to the place of insurance;

7.2.8. change in other circumstances specified at the time of concluding the Insurance Contract and affecting the occurrence of the Insured event and/or the amount of damage.



## **8. CALCULATION AND PAYMENT OF INSURANCE INDEMNITY**

8.1. In the case of damage of the insured property, the refundable amount of loss shall be the costs of repair of the insured property.

8.2. In the case of destruction of the insured property (when repair of the property is impossible or economically inexpedient), the refundable amount of loss shall be the costs of recovery of a new insured property of the same parameters (in the case of immovable property) or the acquisition cost (in the case of movable property).

8.3. Where the Insurance object is insured at residual value, the insurance indemnity shall be disbursed net of depreciation of the Insurance object. Depreciation of buildings shall be assessed according to the Annual depreciation rates of buildings provided in Table No 1.

8.4. The amount of losses shall be determined by the Insurer in accordance with terms and conditions of the Insurance Contract and documents supporting the fact and amount of loss. The value added tax (VAT) shall be included in the amount of losses only when the Insurance object is actually repaired and the tax is paid, and the Policyholder is not registered as a payer of this tax. Otherwise VAT amount shall be excluded from the payable insurance indemnity.

8.5. Wreck removal after the insured event shall be insured only with the First-Loss insurance.

8.6. The total amount of the insurance indemnity in the case of insurance of immovable property and investment expenses, including removal of wreck and rental charges, may not be in excess of the sum insured of the immovable property specified in the Insurance policy.

8.7. The total amount of the insurance indemnity in the case of insurance of equipment, installations, stocks, valuables and monetary valuables may not be in excess of the sum insured of the movable property specified in the Insurance policy.

8.8. Where the insured property is recovered within 2 (two) years of the insured event, the insurance indemnity shall be disbursed according to the conditions of the Insurance policy. Where the insured property is not recovered within 2 (two) years of the insured event, the insurance indemnity shall be determined and disbursed only according to residual value of the insured property. If the Policyholder wishes to recover the property, but is prevented from doing that by objective reasons or circumstances supported by documents, the period of recovery of the insured property may be extended up to 5 (five) years by separate agreement of the Policyholder and the Insurer.

8.9. If the Policyholder has failed to report to the police the items lost during the Insured event, the value of such items shall be excluded from the amount of loss.

8.10. The Insurer and the Policyholder shall have the right to apply to experts for determining the amount and cause of loss and rely on their conclusions. Unless the Insurer and the Policyholder agree otherwise, the persons, who are the Insurer's competitors or have business relationships with them, work for the competitors or business partners, etc. may not be appointed as experts. The costs related to the hiring of an expert shall be covered by the party calling the expert.

8.11. Where the Policyholder or the Insured person recovers lost property when the insurance indemnity for it had already been paid, the Policyholder or the Insured person must notify thereof of the Insurer within 15 (fifteen) calendar days and repay to the Insurer the insurance indemnity so disbursed. If the recovered property is damaged, the Insurer must compensate only for the repairs costs of such property in accordance with the terms and conditions of the Insurance Contract.

8.12. Upon occurrence of the insured event, the Insurer shall disburse the insurance indemnity and their amount within the limits of sums insured fixed in the Insurance Contract. If the fixed sum insured is insufficient for covering of all losses, the remaining part of the losses must be covered by

the Policyholder/ Beneficiary himself.

## **III. EXTENSION CLAUSES**

The Parties may agree on the application of one or more Insurance Extension Clauses specified in this Section, whereby the insurance cover provided by the Insurer is extended or the variant of the insurance cover applicable under the Insurance Contract is chosen by specifying the particular applicable Insurance Extension Clause in the insurance policy or in the endorsements to the Insurance Contract to be signed by both Parties. The extent of provided insurance cover shall be as defined according to the content of the Insurance Extension Clause included in the Insurance Contract referred to in this Section, unless the Parties agree otherwise under the individual clauses of insurance.

The Insurer's liability according to these Insurance Extension Clauses shall be limited to the sum insured or limit specified in the Insurance Contract.

All Insurance Extension Clauses specified in this Section shall be subject to the provisions of the General Part or Special Part, unless specified otherwise. In the event of difference between the conditions of the General Part or Special Part and the Insurance Extension Clause, the Insurer in the first instance shall act in observance of the Insurance Extension Clause applicable to the Insurance Contract.

### **EXTENSION CLAUSE No 01 "Insurance against fluctuation in power voltage"**

#### **I. INSURED EVENTS**

1.1. Indemnity according to the Insurance Contract shall be paid in the case of damage which is a direct consequence of the below-specified insured event provided for in the Insurance Contract and suddenly and unexpectedly occurs during the effective period of insurance cover:

1.1.1. exposure to electrical current, including short circuit, inter-loop circuit, short circuit to housing, short circuit to earth.

1.2. Point 3.3.3.4 of the Special Part of the Regulations shall not apply.

#### **2. NON-INSURED EVENTS**

2.1. The following events shall be considered to be non-insured events and the Insurer shall not indemnify damage in the following cases:

2.1.1. general non-insured events, indicated in Section 4 of the Special Part;

2.1.2. voluntary application of a load greater than the design load of electrical installation;

2.1.3. incorrect connection, assembly of equipment, defects of sealing.

### **EXTENSION CLAUSE No 02 "Insurance against internal breakdowns"**

#### **I. INSURED EVENTS**

1.1. An insured event shall be any sudden and unexpected breakdown or fusing of insured property which occurs during the effective period of insurance cover and is out of the Policyholder's control.

#### **2. NON-INSURED EVENTS**

2.1. The following events shall be considered to be non-insured events and the Insurer shall not indemnify damage in the following cases:

2.1.1. general non-insured events, indicated in Section 4 of the Special Part;

2.1.2. internal breakdowns of property when damage is caused by impact of external forces;

2.1.3. voluntary application of a greater load during tests or experiments;

2.1.4. damage to parts that get worn out quickly, i.e. coverings, fire



resistant or anticorrosive casings, nozzles of burners, fire-resistant coverings or anticorrosive envelopes, burner nozzles, splitting hammers, parts made of glass, porcelain, ceramics or rubber, belts, ropes, wires, chains, brushes, cables, meshes, hoses, rubber tyres, accumulators, lamps, matrixes, forms, seals, processing tools, drills, saws, electrodes, cylinders;

2.1.5. damage to consumables, i.e. lubricants, fuel, catalysers, coolant, cooling agents, chemicals;

2.1.6. costs of maintenance, i.e. adjustment and repair, replacement of parts, correction of functional defects, periodic maintenance, excluding the cases when such costs are related to the recovery of the insured property after the insured event;

2.1.7. damage due to changes in the form of the item, curvature, indentation, change of colour, scratches or cracking, provided that this does not affect the functionality of the item;

2.1.8. explosion (excluding explosions of boilers caused by pressure of gas, steam or fluids – physical explosions);

2.1.9. any damage or related obligations, including lost profit bet or other financial losses and payments in excess of the amount of indemnity provided for in this contract;

2.1.10. damage caused during assembly/disassembly operations, excluding the case when such operations are carried out after the insured event;

2.1.11. damage due to the failure to switch on, breakdown or misuse of hardware, software or data media used in electronic equipment, system (e.g., computer, microprocessor controller, joint systems) or network, as well as due to the loss or distortion of data stored or processed in hardware, software or data media of electronic equipment, system or network, excluding the cases when this leads to another event, which is a non-insured event – in that case the Insurer shall indemnify only for damage inflicted by such event;

2.1.12. damage to insured property made during its transportation or removal from the place of insurance, unless the parties agree otherwise.

## **INSURANCE CLAUSE No 03 “Insurance of property outside the place of insurance”**

### **I. INSURED EVENTS**

1.1. An insured event shall be any sudden and unexpected occurrence which is out of the Policyholder's control and is related to mobile equipment outside the limits of the place of insurance during the effective period of insurance cover – the geographic Europe, unless the Insurance Contract provides otherwise.

1.2. Insurance cover outside the limits of the place of insurance shall apply to the same extent as at the place of insurance specified in the insurance policy;

1.3. Insurance cover for mobile equipment outside the limits of the place of insurance shall apply with respect to the risks of burglary and robbery, when the property is in a car, provided that the below specified conditions are met:

1.3.1. mobile equipment is kept in a luggage compartment/boot;

1.3.2. a car is locked, with completely closed windows and switched on burglar alarm system.

## **INSURANCE CLAUSE No 04 “Business interruption insurance”**

### **I. DEFINITIONS**

In the event of difference between the concepts specified in this Insurance Extension Clause and those of the General Part or Special Part of the Regulations, these conditions of the insurance cover shall apply.

1.1. **Turnover** – means amount of income received by the Policyholder from sale of products, goods or provision of services (after deducting all types of granted discounts, VAT, etc.) within the limits of insured activity carried out by him at the place of insurance.

1.2. **Drop in turnover** – means amount by which the turnover reached over the liability period reduces in respect of the standard turnover.

1.3. **Liability period** – means partial or full business interruption period specified in the Insurance Contract, which starts from the moment of occurrence of insured events indicated in Business interruption insurance policy and lasts until restoration of activities of the company specified in the Insurance Contract, financial losses from business interruption are no longer incurred, but not longer than until the end of the maximum liability period defined in the Insurance Contract for which the Insurer indemnifies financial losses incurred by the Policyholder due to partial or full business interruption.

1.4. **Insurance value** – means likely financial losses due to business interruption specified in the Insurance Contract which are expressed in monetary terms as the annual amount of fixed costs and lost gross margin and determined in the manner provided for in the Insurance Contract.

1.5. **Deductible (franchise)** – means financial losses provided for in the Insurance Contract which are deducted from the sum insured and not indemnified by the Insurer expressed in monetary terms and/or incurred during the period of the Deductible (franchise) when the latter is expressed as a period which starts from the day of the insured event n. Deductible (franchise) specified in the Insurance Contract may be of the following types:

1.5.1. expressed in a precise amount of money;

1.5.2. expressed as percentage from the amount of losses;

1.5.3. expressed in days or other period for which the insurance benefit is not paid;

1.5.4. as a combination of different types of deductible.

1.6. **Gross profit** – means share of earned total revenue (turnover) which remains after deducting financial costs of the Policyholder's activities, extraordinary losses and paid taxes.

1.7. **Net profit** – means share of earned total revenue (turnover) which remains after deducting financial costs of the Policyholder's activities, extraordinary losses and paid taxes.

1.8. **Fixed costs** – means financial operating costs of the Policyholder which remain unchanged upon growth, reduction or interruption of his activity.

1.9. **Variable costs** – means variable (temporary) costs which directly depend on production or other activities of the Policyholder (the Insured Person) and which decrease proportionately to the reduction of turnover (e.g., costs of purchase of raw materials, fees for consumed electricity, transport and other costs)).

1.10. **Annual turnover** – means turnover of the last reporting period of 12 (twelve) months before the day of entry into force of the Insurance Contract.

1.11. **Additional costs** – means additional limit of insurance cover provided for in the Insurance Contract with respect to costs incurred upon occurrence of the insured event. Additional costs shall always be covered by the First-Loss insurance.

1.12. **Standard turnover** – means turnover of the period of 12 months before the occurrence of damage. This turnover shall be respectively adjusted when the liability period exceeds 12 months.

1.13. **Operating expenditure** – means expenditure related to the activity of the enterprise incurred in the financial year.

1.14. **Damage** – means losses incurred because of lost income relating to destruction, damage or loss of insured property and costs incurred due to that (direct losses) as a result of the insured events specified in the Insurance Contract. The concept of “damage” shall always include the indemnification of non-property damage.



## 2. INSURANCE OBJECT AND INSURANCE COVER

2.1. The insurance object shall be financial losses incurred by the Policyholder as a result of damage, wreck or destruction of insured property upon occurrence of the insured events specified in the Insurance Contract due to which the activity carried out by the Policyholder specified in the Insurance Contract is disrupted. Where the Insurance Contract provides insurance cover for the property under the Extension Clause No xxx "Insurance against internal breakdowns", the insurance cover shall also apply to business interruption insurance.

2.2. The Insurance Contract may also provide for other insured events on an individual basis.

2.3. The insurance cover under this Insurance Clause may include:

2.3.1. gross profit or net profit,

2.3.2. additional costs,

2.3.3. variable remuneration of employees.

2.4. Insurance cover under the Business Interruption Insurance Contract shall exclude and the Insurer shall not indemnify, unless provided otherwise in the Insurance Contract:

2.4.1. the costs on raw, auxiliary and other materials and acquisition of goods and services, excluding taxes for consumed electricity, heat, water and gas, where such costs are necessary for maintenance of the enterprise after the insured event;

2.4.2. value added tax (VAT), excise duty, customs, turnover, license and other taxes that do not depend on turnover;

2.4.3. freight charges and other transportation charges, postal costs, if they are not included in the long-term contractual obligations;

2.4.4. insurance premiums that do not depend on turnover;

2.4.5. remuneration (royalty) that depends on turnover and is related to intellectual property rights (e.g., e.g., for copyrights, patents);

2.4.6. fines, penalties and reimbursement of (compensations for) losses to be paid by the Policyholder in the event of the default on his obligations;

2.4.7. lost profit unrelated to the insured activity.

## 3. NON-INSURED EVENTS

3.1. The following events shall be non-insured events and the Insurer shall not indemnify damage (losses):

3.2. resulting from legal or illegal decisions or actions of public authorities which prevent from or delay the elimination of property damage, as well as other elimination of consequences of the insured event or further performance of the Policyholder's activity;

3.3. arising from unjustified delay of the Policyholder to carry out the activity or to eliminate the consequences resulting from the insured event;

3.4. resulting from innovation or improvements carried out during the liability period that lead to the delay of reconstruction/recovery of the property damaged or lost as a result of the insured event;

3.5. related to a decrease in value of goods that have not been affected;

3.6. damage to property made outside the limits of the place of insurance;

3.7. business interruption which is a result of bankruptcy of the Policyholder (Insured Person) further to the enforcement of a court order by which bankruptcy proceedings were initiated against the Policyholder or activities of the Policyholder were restricted due to restructuring;

3.8. damage resulting from the event which is not designated as the insured event or is classified as a non-insured event under the Insurance Clauses specified in the Insurance Contract.

## 4. SUM INSURED

4.1. A sum insured shall be the amount specified in the Insurance Contract calculated according to the application for concluding the Insurance Contract submitted by the Insurer, determined on the basis of the planned

Annual turnover, expected rate of gross profit and respectively adjusted depending on the forecasted change of the insured activity and duration of the liability period where it is longer than 12 (twelve) months.

4.2. Where the liability period is equal to, or shorter than, 12 (twelve) months, the sum insured must correspond to the expected annual gross profit.

4.3. The Policyholder shall be responsible for the correct calculation of the Insurance value and Sum insured.

4.4. A sum insured shall be reduced by the amount of paid insurance indemnities (a decreasing sum insured) until it is used in full. After disbursement of the insurance indemnity or the total amount of insurance indemnities, which is equal to the sum insured, the Insurance Contract shall be considered to be expired, with the exception of the case referred to in paragraph 4.5 of the General Part of the Regulations.

## 5. CALCULATION OF INSURANCE INDEMNITY

5.1. An insurance indemnity shall be the amount paid by the Insurer in the case of the insured event calculated according to these Regulations, which is aimed at indemnifying, in accordance with the procedure set out in these Regulations, financial losses of the Policyholder arising from interruption of the insured activity.

5.2. The amount of financial losses shall be determined and the insurance indemnity shall be calculated according to the drawn up business interruption report on the basis of documents provided by the Policyholder and competent authorities and data provided by the Policyholder prior to concluding the Insurance Contract.

5.3. A financial loss shall be:

5.3.1. lost of profit due to a drop in turnover, and/or

5.3.2. increase in operating expenditure.

5.4. Where during the liability period the Policyholder is able to continue his operations at a place other than the place of insurance, when calculating the turnover of the liability period account shall be taken of the revenue received and/or receivable from operations carried out at such other place.

5.5. Where losses (or a certain part of losses) result from damage or loss of uninsured property or of property insured by another Insurer, the insurance indemnity shall be paid only for the period of technical recovery of operations. The technical recovery of operations – means restoration of the insured property to the former condition when the Policyholder is able to continue the insured activity to the same extent as before the occurrence of the insured event. The subsequent economic (lost market) recovery period and the period of recovery of uninsured property shall not be taken into account.

5.6. Where a part of fixed costs related to the activity carried out by the Policyholder is not insured (calculated at the time of calculation of gross profit earned before concluding the contract), the insurance indemnity for the increased operating expenditure shall be determined proportionately to the rate between sum insured and total amount of gross profit and uninsured fixed costs.

5.7. When calculating the insurance indemnity, its amount may be adjusted having regard to market tendencies of the liability period and the circumstances which affect the activity carried out by the Policyholder.

## 6. ADDITIONAL OBLIGATIONS OF THE POLICYHOLDER

6.1. During the effective period of the Insurance Contract, the Policyholder must provide the Insurer or an authorised representative of the Insurer with free and unhindered access to examine the insured object of insurance, to get familiarised with financial accounts of the enterprise, to check the operation of security devices specified in the Insurance Contract and determine whether the Policyholder (the Insured Person, the Beneficiary) comply with the terms and conditions of the Insurance



Contract.

6.2. During the effective period of the Insurance Contract, the Policyholder must carry out the record-keeping in proper manner and keep the related accounting records or their copies in order to avoid their destruction during the insured event, otherwise the Insurer retains the right to reduce or refuse the insurance indemnity.

6.3. At the request of the Insurer, the Policyholder must provide information and documents necessary for precise and correct determination of the amount of financial loss, including the documents of financial sets of the last 3 (three) years, detailed summary accounts or other documents and information;

6.4. The Policyholder must provide information on the savings of costs due to business interruption, when upon interruption of business such costs are

no longer incurred, and also to specify the amount of costs not incurred by the enterprise after business interruption;

6.5. The Policyholder must provide the business plans of the enterprise and assess all circumstances that had affected the changes in business volumes of the enterprise during the effective periods of the Insurance Contract and liability;


6.6. The Policyholder must specify the actions aimed at restoration of interrupted business or reduction of financial losses as well as the planned duration of the interruption of operations;

6.7. The Policyholder must coordinate with the Insurer the additional operating expenditure aimed at avoiding or minimising the drop in turnover.

**Table No I. ANNUAL DEPRECIATION OF BUILDINGS**

<b>Building purpose and construction</b>	<b>Annual depreciation rate, %</b>
Administrative, office, sales, services, catering, health care, education, recreation, sports, culture, transport, hotels	
Masonry, monolith, mixed structures, large-size panels, tiles	0,8
Timber	1,5
Metal frame, plastic frame	2,0
Wood, wood frame	2,5
Production, industrial	
Masonry, monolith, mixed structures, large-size panels, tiles	1,0
Metal frame, plastic frame	2,0
Wood, wood frame	2,5
Storage	
Masonry, monolith, mixed structures, large-size panels, tiles	1,2
Metal frame, plastic frame	2,0
Wood, wood frame	2,0
Metal arched	2,5
Garages, outbuildings	
Masonry, monolith, mixed structures, large-size panels, tiles	1,2
Timber	2,0
Metal frame, plastic frame	2,5
Wood, wood frame	2,5
Glass with frame	3,0

  
**Deividas Raipa**  
 Valdybos pirmininkas

  
**Tomasz Rowicki**  
 Valdybos narys