



General third party liability insurance terms and conditions no 7.3/3

1. Terms and definitions

Terms used in these Terms and Conditions but not explicitly defined herein, shall bear the same meaning as defined in the General Insurance Terms and Conditions of ADB "Gjensidige" Latvian branch.

- 1.1. **Insured** – a person specified in the Insurance Contract, in favour of whom the Insurance Contract has been concluded and whose third party liability has been insured. The Insured persons shall be deemed also any employed natural persons, who have signed employment, training or company agreement or act on behalf of the Insured by the virtue of authorisation.
- 1.2. **Business of the Insured** – economic or any other activity of the Insured specified in the Insurance Contract.
- 1.3. **Third Party** – any person who has suffered losses in the result of the insurable event and to whom the insurance indemnity is payable. For the purpose of these Insurance Terms and Conditions, the following persons shall not be deemed as Third Parties:
 - 1.3.1. The Policyholder's, the Insured person's and the Coinsured person's relatives up to the third degree of consanguinity, a spouse or their in-laws up to the second degree of consanguinity;
 - 1.3.2. The Policyholder, the Insured, the Coinsured, employees of these persons, owners of the share capital (members, having significant partnership), representatives of the management institutions and related companies;
 - 1.3.3. The employer of the Insured (natural person) and employees of such employer.
- 1.4. **Coinsured** – a person whose third party liability is insured additionally with the third party liability of the Insured and it is specified in the insurance policy. The Coinsured shall have the same obligations as the Insured, which are defined in the Insurance Contract.
- 1.5. **Liability Limit** – Sum Insured expressed in the amount of money, which is specified in the Insurance Contract, within the limits of which the Insurer shall indemnify losses. The Insurance Contract may specify liability limit for one insurable event, total liability limit for all insured events within the insurance period and sublimit for separate types of losses.
- 1.6. **Claim** – a written application of the Third Party to the Insured on the occurrence of the insurable event and indemnification of losses.
- 1.7. **Insurance Claim** – a written application of a certain form submitted by the Insured to the Insurer on the occurrence of the insurable event and indemnification of losses.
- 1.8. **Extended reporting period** – the period of time specified in the Insurance Contract after expiry of the insurance period during which the Insured may submit an Insurance Claim to the Insurer. According to these Terms and Conditions, the extended period for claiming losses of 3 (three) years shall be automatically applied to each Insurance Contract unless otherwise specified in the Insurance Contract.
- 1.9. **Retroactive Period** – a period of time specified in the Insurance Contract before the insurance period when Business of the Insured was performed and during which the losses having occurred shall be indemnified by the Insurer, provided that at the moment of concluding the insurance contract neither of the parties knew about the probability of incurring such losses. Retroactive Period of the Insurance Contracts concluded consecutively, without a break, is the insurance period of all previous Insurance Contracts.
- 1.10. **Force Majeure** – circumstances beyond the control of the parties of the Insurance Contract (hereinafter the Force Majeure Circumstances): a strike, insurrection, domestic disturbances, civil disobedience, riot, armed conflict, terrorism, mass disorders, revolution, military takeover, usurped military power, war (with or without war declaration), civil war, military emergency, warlike activities, invasion, activities of foreign enemy, actions taken by state or local government, amendments of laws or other regulatory enactments, government orders, such irresistible natural disasters as floods, earthquakes, storms.

2. The insurance object

The object of this Insurance Contract is the third party liability of the Insured (in compliance with the legal enactments of the Republic of Latvia) for losses caused to a Third person, while performing business of the Insured.

3. Liability of the insurer

- 3.1. The Insurer's obligation to reimburse the losses contains the verification of the third party liability issue, reimbursement of losses, as well as protection against unjustified claims.
- 3.2. Pursuant to the provisions of this Insurance Contract, there is a basis for paying the reimbursement of losses if all of the following requirements are met:
 - 3.2.1. Losses have occurred in the territory covered by the Insurance Contract and within the Retroactive Period or the Insurance Period specified in the Insurance Contract;
 - 3.2.2. Losses have occurred, while conducting business of the Insured specified in the Insurance Contract;
 - 3.2.3. The Insured bears third party liability for the caused losses in compliance with the applicable legal enactments;
 - 3.2.4. The losses have been first time discovered within the Insurance Period;
 - 3.2.5. a Claim for indemnification of losses has been lodged within the Insurance Period or within the Extended reporting period;
 - 3.2.6. a written Insurance Claim has been submitted to the Insurer within the Insurance Period or within the Extended reporting period;
- 3.3. In compliance with the provisions of the Insurance Contract, reimbursed are the losses for which the Insured bears civil liability and which are payable to a Third Party in order to compensate the losses incurred and, which are related to:
 - 3.3.1. harm to health and life (expenses related to medical treatment of the Third party, loss of ability to work, temporal disability and death shall be calculated in accordance with the procedure and to the extent stipulated in the laws and regulations of the Republic of Latvia), unless any other type of compulsory insurance provides cover for it;
 - 3.3.2. physical damage or loss of the property. in such case compensation for damages shall be determined by virtue of a principle of compensation, taking into account the actual value of the damaged or lost objects right before and after an insurable event, i.e. in view of wear and tear and the extent of damage of the object;
 - 3.3.3. for the consequential financial losses arising directly from the harm to the Third person's health or life or the damage of his/her property;
 - 3.3.4. unearned profit related to the partial or total disruption of the economic activity, which has occurred due to physical damage or loss of the property, if the Third Party is able unequivocally prove that in the event the property was not damaged or lost, he/she would earn profit. In such case the Third Party shall be reimbursed the net decrease of profit, which is calculated as the difference between the average net profit in a comparable previous period and the earned profit during the period, which does not exceed 6 (six) months from the moment of the insurable event. Unless the Insurance Contract provides otherwise, the sublimit for such losses shall be defined in the amount of EUR 30 000 for the total insurance period, but not more than the total Liability limit defined in the Policy.
- 3.4. In addition to the provisions of Clause 3.3, in accordance with this Insurance Contract, the Insurer indemnifies verifiable and reasonable expenses to the Insured, which have occurred due to:
 - 3.4.1. costs for settling a claim or complaint not exceeding 10% of the liability limit including legal costs related to the claim against the Insured if the Insurer has accepted in writing legal proceedings before their commencement, even in the event when the court finds the claim to be unjustified;
 - 3.4.2. Emergency expenses for averting and minimizing loss (rescue expenses);

- 3.4.3. Expert examination of the event, which is reimbursed within the limit of one insurable event, if such expenses have been previously confirmed with the Insurer in writing.
- 3.5. Each single Insurable Event shall be deemed to be all losses arising from a continuous or recurrent effect of the same cause, and they shall be deemed as occurred during the validity of the insurance period when the first loss was incurred.
- 3.6. If several sequent insurance contracts are concluded, the losses shall be indemnified in accordance with the terms and conditions of the insurance contract during the period of which the losses have been first reported.
- 3.7. Several losses arising from the same cause shall be considered as one event, of the incurred losses, which took place on the moment when the first loss was incurred.

4. Territory covered by the contract

Unless the Insurance Contract provides otherwise, the insurance protection is valid in the Republic of Latvia and the consideration of the claim shall be subject to the laws and regulations of the Republic of Latvia. For the consideration of the claim legal enactments of the country specified in the Insurance Contract and in which the insurable event has occurred may be applied in accordance with the Insurance Contract.

5. Amount of the insurance indemnity

- 5.1. The Insurer shall calculate and pay the indemnity in the amount corresponding to coverable losses less the deductible.
- 5.2. If losses in the result of the Insured Event are caused to several Third Parties and the amount of losses exceeds the Liability limit, the indemnity shall be paid until the sum of the insurance indemnities paid reaches the Liability limit defined in the Contract:
 - 5.2.1. proportionally to the amount of caused losses for all Claims submitted before the day of payment of the first Insurance Indemnity;
 - 5.2.2. in the sequence of submission of Claims if the Claims have been submitted in a sequential order.

6. The Insurer shall not indemnify the following losses:

- 6.1. Unless the Insurance contract provides otherwise, the Insure shall not reimburse:
 - 6.1.1. losses incurred after the services have been rendered/works have been finished;
 - 6.1.2. losses caused to companies and subcontractors outsourced by the Insured for execution of specific works based on employment or contractor agreement or other third party liability agreements;
 - 6.1.3. losses to the property, which the Insured works with or which is at his/her disposal, under his/her supervision or control, or which the Insured has taken over, rented, taken for sale, repair etc.;
 - 6.1.4. losses occurred as a result of vibration or quiver, including while performing pile driving or tamping works, or losses caused by demolition or weakening of pillars, walls, partition walls, or due to the use of poor quality materials;
 - 6.1.5. losses caused by environmental pollution or poisoning, i.e. pollution of air, water or soil;
 - 6.1.6. losses caused to Third Parties by the legal entities - companies and subcontractors outsourced by the Insured for execution of specific works based on a contractor agreement or other third party liability agreements;
 - 6.1.7. non-material losses (moral damage);
 - 6.1.8. losses caused by goods manufactured or delivered by the Insured or on behalf of the Insured, expenses for discovering and elimination of the said imperfections of goods, as well as the loss of profit as a result of the said imperfections.
- 6.2. What is not covered:

- 6.2.1. losses for the liability incurred based only on the contract, agreement, contractual obligations (including in the event when the claim is for the failure to fulfil the obligations, delayed fulfilment or for the compensation as a result of the failure to fulfil the obligations);
- 6.2.2. any demurrages or other similar sanctions;
- 6.2.3. losses occurred due to the loss of electronically stored information;
- 6.2.4. losses to cargo, ships, aircraft and railway transport, which have incurred during loading, unloading;
- 6.2.5. losses caused to property:
 - 6.2.5.1. owned by the Insured;
 - 6.2.5.2. having direct impact by the Insured within the execution of the business of the Insured, i.e. object of the work (work performed in low or insufficient quality).
- 6.2.6. losses incurred due to the Force Majeure circumstances;
- 6.2.7. losses caused by any motor vehicle (or its trailer) intended for the use in the road traffic, or which needs compulsory insurance in compliance with the regulations governing the road traffic if such vehicle belongs to the Insured;
- 6.2.8. losses related to errors or malfunctions of any microprocessor hardware (computers, technological equipment, control systems, data storage devices etc.) and its software;
- 6.2.9. losses caused by any railway, water or air transport;
- 6.2.10. losses caused by professional consultation of the Insured, his/her professional service or professional medical treatment which the Insured performed, managed or failed to perform (professional liability);
- 6.2.11. losses arising solely from the status or the activities of the Insured as the executor of the position of an official, director, board member or council member or other similar voted or elected executive position (liability of an official);
- 6.2.12. losses that arose from claims based on, arising from or related to tarring of reputation, real or possible publication of any other materials affecting honour and respect, or the materials contradicting with the right of privacy and confidentiality principle;
- 6.2.13. losses that arose due to infringement of the rules of use of patent right, copyright, company logo, company symbol, a registered design or any other trademark;
- 6.2.14. incidents caused by malicious intent or gross negligence of the Insured;
- 6.2.15. losses that occurred while the Insured performed his business activity without necessary licences, permits, certificates, etc., provided for by the legal enactments in the coverage territory, or without coordinating his/her activity with the competent authorities specified in the legal enactments in the coverage territory;
- 6.2.16. losses caused due to malicious intent or gross negligence by the Third Party herself/himself;
- 6.2.17. losses caused while being under the influence of alcohol, drugs or psychotropic substances;
- 6.2.18. losses occurred due to changes of groundwater environment or level;
- 6.2.19. losses that arose in the result of the use of construction materials and auxiliary materials with the content of formaldehyde exceeding the limits defined by applicable specifications/rules;
- 6.2.20. losses caused by mould or toxic mould, mould fungus that occurred in the result of continuous circumstances (for example, incorrect planning or construction, other peculiar qualities of a building or a structure);
- 6.2.21. losses caused by wear and tear of constructions, devices and materials, including the use of constructions, materials and devices after the end of service life defined by regulatory enactments;
- 6.2.22. losses that arose due to affecting the human mind or property by any electromagnetic field or electromagnetic radiation, including those occurred from electrical transmission lines or any electrical power products, in the result of which a damage to human health of life has been caused or the property value has reduced;
- 6.2.23. losses caused by ionizing radiation or radioactive poisoning;

- 6.2.24. losses occurred as a result of asbestosis or any other related disease (including cancer) originating from the presence or use of asbestos, asbestos products or products containing asbestos;
- 6.2.25. losses (harm) occurred due to getting infected by HIV, AIDS or other infectious diseases;
- 6.2.26. losses occurred as a result of insolvency process or bankruptcy of the Insured;
- 6.2.27. losses related to recommendations, services or estimates provided by the Insured in respect of investments;
- 6.2.28. losses occurred as a result of blowing up and/or landslide caused by the blowing up or as a result of collapse;
- 6.2.29. Losses that occurred repeatedly due to one and the same cause, reason, or circumstances, which have already previously caused losses to the Third persons, which the Insurer has already reimbursed, if the Insurer has not taken the necessary measures to prevent further or repeated occurrence of the losses.

7. Information provided by the insured

It shall be the obligation of the Insured to immediately notify the Insurer about any claim made or complaint brought against him/her in the court in relation to the economic activities conducted by him/her for the losses caused to Third parties.

8. Storing of information

- 8.1. The Insured shall keep precise reports regarding his/her business activities in accordance with the procedures defined by laws and regulations of the Republic of Latvia in respect of keeping, recording and storing of accounting documents and other documents.
- 8.2. In case of claim, the Insured shall provide the Insurer with the requested information and the Insurer shall be entitled to get acquainted with all documents related to the event being the reason of the indemnity claim. Should the Insured fail to fulfil the above requirements due to his/her malicious intent or gross negligence, which results in inability of the Insurer to define the fact and the amount of losses, the Insurer shall have right to refuse the indemnity claim or to pay the indemnity in such amount which can be proven without submission of the above information.

9. Authorisation of the insurer

When required, the Insured shall authorize the Insurer for obtaining all necessary documents or copies thereof as well as for representing the Insured person's interests in the court or other institutions. All documents, any claim, summons, subpoena or notice of trial received in connection with the particular event shall be delivered to the Insurer immediately upon the receipt thereof.

10. Processing of claims

- 10.1. Neither the Insured nor any other person on his/her behalf shall be entitled to express their readiness to accept their fault or effect any payments whatsoever without a written consent of the Insurer. According to this Insurance Contract, the Insured shall assign to the Insurer the right to consider and settle on his/her behalf any claim or complaint notwithstanding the stage or instance of consideration thereof, as well as to bring the claim or represent the interests of the Insured in the court. The Insurer shall have a carte blanche in the selection of the form and strategy of the claim settlement and it shall be an obligation of the Insured to provide the Insurer with all required information or assistance in the settlement of these cases.
- 10.2. If it is impossible to reach an agreement with the Third Party as to the amount of losses, the Insurer shall be entitled to request for the engagement of an independent expert. The expert's costs shall be attributed to the losses and indemnified within the limit of liability.

11. Payment of indemnity

Insurance Indemnity shall be paid to the Third Party entitled to indemnity payment, or another payout procedure may be set upon agreement by the parties.

12. Liability limit after the indemnity payout

The liability limit for an Insurance Contract under which an insurance indemnity has been paid, shall be reduced by the amount of the paid insurance indemnity.

13. Regress

- 13.1. Upon payment of the Insurance Indemnity the Insurer shall be entitled to lodge a subrogation claim against the Insured in the amount of the paid Indemnity, if:
 - 13.1.1. in the result of court proceedings it is proven that the reason of the Insured Event is intentional criminal actions of the Insured;
 - 13.1.2. the Insured Event is caused by gross violation and non-observance of technical specifications and standards of the industry.