



Special Machinery All Risks (CPM) Insurance Terms and Conditions No 5.7/3

Section 1

1. Terms and Definition

- 1.1. **Insurer** — ADB „Gjensidige” Latvian Branch, which operates in compliance with the Articles of Association.
- 1.2. **Policyholder** — legal entity or natural person, who has concluded the Insurance Contract in favour of oneself or another person.
- 1.3. **Insured** — a natural person or a legal entity specified in the Insurance Policy who has an insurable interest and in whose favour the Insurance Contract has been concluded.
- 1.4. **Legal User** — a person, who uses specialized land machinery or fixed equipment with owner's permission by virtue of a power of attorney, rental or leasing agreement or any other agreement. The Legal User is subject to the same rights and obligations as the Policyholder and the Insurer.
- 1.5. **Insurance Contract** — an agreement between the Insurer and the Policyholder on the insurance of the specific special machinery in compliance with these insurance terms and conditions, wherewith the Policyholder and the Insurer undertakes to fulfil the liabilities provided for by the insurance terms and conditions and the legal enactments of the Republic of Latvia regulating the insurance process. The Insurance Contract consists of an insurance application, a policy, insurance regulations and special conditions, if necessary.
- 1.6. **Insurance Policy** — a document that confirms conclusion of the Insurance Contract and includes Terms and Conditions of Insurance, as well as all amendments and supplements to the Insurance Contract, upon which the Insurer and Policyholder have agreed in writing during the period of validity of the Insurance Contract.
- 1.7. **Insured Object** — Fixed or mobile machinery or equipment specified in the Insurance Policy and its annexes (hereinafter - "machinery"), which is used in construction, agriculture, forestry operations, servicing etc., as well as equipment or mechanisms (hereinafter - "equipment"), which has or may be installed thereon.
- 1.8. **Sum Insured** — an amount of money specified in the Policy, to the extent of which the machinery is insured.
- 1.9. **Actual Value** — an amount of money, for which a machinery of the respective make, model, year of issue, technical condition and assembly, or optional equipment may be bought according to the experts' evaluation.
- 1.10. **Depreciation** — decrease of the value of the machinery or equipment due to its age, decreased options for use or other similar reasons.
- 1.11. **Insurance Premium** — payment for the insurance specified in the Policy.
- 1.12. **Insurable Interest** — an interest of not incurring losses in case of the Insured Risk.
- 1.13. **Insured Risk** — the event specified in the Insurance Policy, independent from the insured person's will, the occurrence of which is possible in the future.
- 1.14. **Insurable Event** — a sudden and unexpected event having causal relationship to the Insured Risk upon the occurrence of which the Insurance Indemnity is provided in compliance with the Insurance Contract.
- 1.15. **Insurance Indemnity** — the amount of money payable for the Insurable Event or a compensation of expenses for services to be rendered in accordance with the Insurance Contract.
- 1.16. **Coverable Losses** — the amount of money payable for the Insurable Event or a compensation of expenses for services to be rendered in accordance with the Insurance Contract before withholding of the deductible.
- 1.17. **Deductible** — a fixed amount or a percentage from the Sum Insured or losses specified in the Insurance Policy that is deducted from the Insurance Indemnity for each Insurable Event.

- 1.18. **Insurance application** — a document specified by the Insurer which the Policyholder shall submit to the Insurer in order to inform the latter about the insurance object, facts and circumstances required for assessing the Insured Risk.
- 1.19. **Insurance place** — buildings, constructions, premises and/or territory, where the insured property is located and which is specified in the Insurance Policy.
- 1.20. **Underinsurance** is an event, when the Sum Insured is less than the actual value of the Insured Object.
- 1.21. **Overinsurance** is an event, when the Sum Insured exceeds the actual value of the Insured Object.

2. Insurable risks

- 2.1. The Insured Object is insured for the events of a sudden and unexpected physical damage, destruction or loss within the insurance period specified in the Insurance Policy, as a result of which, repair or replacement of the Insured Object shall be performed, except the events specified in Clause VI.

Section 2. Insured Object

3. **Insured object** is machinery and equipment specified in the Insurance Policy and its annexes.
 - 3.1. For the insurance of objects and calculation of insurance premiums the special machinery has been divided into the following groups:
 - 3.1.1. **Special construction machinery** — cranes (cable hoists, rail hoists, bridge cranes, crane trucks, gantry cranes, tower cranes, etc.), bulldozers, excavators (crawler excavators, dredgers, self-propelled excavators, etc.), graders, scrapers, pile-drivers, machinery and mechanisms for soil ramming, crushers, concreting and concrete pumping equipment, construction site railways, portable drilling equipment, pipe laying machinery, asphalt paving equipment.
 - 3.1.2. **Forestry machinery** — special machinery for forestry operations, forwarders, harvesters or other machinery.
 - 3.1.3. **Agricultural machinery** — agricultural lifting and loading machinery, tractors, harvesters, animal feed preparation and harvesting self-propelled machinery, as well as soil preparation, harvesting and other machinery coupled to or hung on tractors and trucks.
 - 3.1.4. **Warehouse machinery** — lifting and loading machinery of various types.
 - 3.2. The Insurable Object is insured in the Insurance place specified in the Insurance Policy. The insurance coverage is applied to such Insured Object, that has been put into operation after successfully performed exploitation trials of the Insured Object, which operates or is on idle standing, is being cleaned, regulated or is undergoing remedial repair works.

Section 3. Insurance Contract

4. Sum Insured

- 4.1. The Sum Insured may not be lower than the Actual Value of the machinery.
- 4.2. The Sum Insured is defined by the Policyholder and he/she shall be responsible for the correspondence of the stated Sum Insured to the actual value of the Insured Object.
- 4.3. In case the Sum Insured does not correspond to the actual value of the machinery, the conditions of underinsurance or overinsurance shall be applied upon occurrence of an Insurable Event. Underinsurance or overinsurance provisions shall be applied with regard to each insured unit separately.

5. Validity Period and Effective Date of the Insurance Contract

- 5.1. The period of the Insurance Contract shall be the period of validity specified in the Insurance Policy.

- 5.2. The contract shall come into effect on the next day following the payment of the Insurance Premium or its first instalment, unless specified otherwise in the policy.

6. Payment of the Insurance Premium

- 6.1. The Policyholder shall have an obligation to pay the Insurance Premium within the term specified in the Insurance Contract.
- 6.2. If the Insurance Premium is paid by a bank transfer, the day of payment shall be deemed the day when it has been transferred to the bank account of the Insurer.
- 6.3. If the Insurance Premium or its first instalment is not paid within the term set in the policy, the Insurance Contract shall be deemed null and void as of the moment of its conclusion.

7. Mutual obligations of the Policyholder and the Insured

- 7.1. The Policyholder and the Insured shall have the obligation prior to concluding the Insurance Contract to provide all information requested by the Insurer which is necessary for assessment of the Insurable Risk and to ensure the possibility to perform an inspection of the Insurable Object for risk assessment both at the moment of concluding and during the term of validity of the Insurance Contract.
- 7.2. The Policyholder and the Insured shall have the obligation to provide true information.
- 7.3. The Policyholder shall have the obligation to inform the Insured that he/she is insured, and to ensure fulfilment of the contractual obligations of the Insurance Contract by the Insured.
- 7.4. The Policyholder shall assume liability for the consequences of lack of information by covering additional expenses incurred due to failure to inform the Insured.
- 7.5. The Policyholder and the Insured shall have the obligation to ensure the compliance with the fire safety, technical operation and precaution measures specified in legal enactments and requirements of the manufacturer and seller of the machinery within the validity of the Insurance Contract.
- 7.6. The Policyholder and the Insured shall have the obligation to inform about other effectual Insurance Contracts he/she is aware of in regard to the same object.

Section 4. Changes of the Insured Risk

8. Changes in the initial information

- 8.1. The Insured or the Policyholder shall have the obligation during the entire validity period of the Insurance Contract to inform the Insurer in writing about all circumstances he/she is aware of that may increase the probability of occurrence of the Insured Risk or the extent of the potential losses including but not limited to one of the following:
- 8.1.1. changes in the security systems in the insured property;
- 8.1.2. changes in the functions of the insured property, reconstruction, rebuilding, prior to their start;
- 8.1.3. changes in the provider of technical maintenance or repair services to the Insured Object;
- 8.1.4. rental, pledge of the the insured property;
- 8.1.5. replacement of the insured property to another place than specified in the Policy;
- 8.1.6. termination of the manufacturer's or supplier's warranty period for the insured property.

9. Increase of the Insured Risk

- 9.1. If the probability of occurrence of the Insured Risk has increased during the validity period of the Contract, the Insurer may offer the Policyholder in writing to make amendments to the terms and conditions by specifying the day of the amendments coming into effect, or observing the requirements of the legal enactments of the Republic of Latvia, may take a decision on termination of the Insurance Contract.

Section 5. Insurable Event

10. Obligations of the Insured after occurrence of the Insured Risk

- 10.1. It shall be the obligation of the Insured to take all the possible and reasonable measures to eliminate losses and to inform the Insurer about the event as soon as it is possible.
- 10.2. Insurance claim — if losses are incurred, the Insured shall immediately inform:
- 10.2.1. in case of fire — the Fire and Rescue Service;
- 10.2.2. in case of explosion — the State Fire and Rescue Service or the respective emergency service;
- 10.2.3. in case of engineering network accident — the respective emergency service and/or the manager (owner) of the building;
- 10.2.4. in case of illegal activities of the third persons — the Police;
- 10.2.5. in case of collision with another vehicle — the Road Police;
- 10.3. The Insured shall submit to the Insurer a special application form in writing within 3 (three) business days following the day when the event took place and shall agree with the Insurer on the time of an inspection of the place of accident. If due to objective reasons it is impossible to submit a written claim in person, then it shall be done by a representative or an authorised person of the Insured or the Policyholder.
- 10.4. In case the Insured makes a claim knowing that it is untrue and fraudulent, the Insurance Contract shall be deemed null and void, and any claim in relation to this Contract shall be refused.
- 10.5. The Insurer shall be entitled to refuse the payment of the Insurance Indemnity in case the institutions listed under Clause 10.2.1—10.2.5 do not confirm the fact of occurrence of the respective risks.
- 10.6. Proof of loss
- 10.6.1. After the occurred event, until the Insurer has carried out an inspection of the damaged or destroyed object, no elimination of damages or moving, removal or restoration of the object or its parts is allowed without a written consent of the Insurer. It is allowed to take only immediate measures to eliminate any further losses and prevent accidents.
- 10.6.2. After submission of the claim the Insured shall ensure the possibility for the Insurer to perform an inspection of the place of the accident and the damaged property, and shall ensure a possibility to carry out investigation to detect causes and extent of any loss.
- 10.6.3. After inspection of the place of accident the Insurer's representative shall draw up an inspection report of a certain form on the detected damages and shall provide instructions the execution of which shall be compulsory for the Insured. Restoration of the object, moving or removal of any parts thereof shall not be allowed without a written consent of the Insurer.
- 10.6.4. The Insurer shall perform the inspection of the place of the accident as soon as possible upon agreeing with the Insured. In case the Insurer fails to perform the inspection on the day the parties have agreed on, the Insured shall be entitled to commence elimination of damages and repairs after 3 (three) business days.
- 10.6.5. The Insured shall have the obligation to prove the fact of occurrence and extent of the loss and provide all verifying information and documents requested by the Insurer.
- 10.7. Consequences of the failure to fulfil the obligations by the Insured
- 10.7.1. The Insurer shall be entitled to refuse the payment of the Insurance Indemnity if the Insured:
- 10.7.1.1. fails to fulfil any obligations provided under these Terms and Conditions as a result of malicious intent or due to gross negligence;
- 10.7.1.2. fails to show the remains of the damaged Insured Objects, except the cases when they are fully destroyed;
- 10.7.1.3. fails to submit to the Police a list of the stolen or robbed Insured Objects or their parts, or if the Police does not confirm the theft or robbery of particular items.
- 10.7.2. The Insurer may reduce the Insurance Indemnity by up to 50% if the Insured has failed to fulfil any of the obligations provided under these Terms and Conditions due to minor negligence.

10.7.3. If upon conclusion of the Insurance Contract or during its validity period or after the occurrence of the Insurable Event the Policyholder, the Insured, the owner or the user of the Insured Object provides false information or refuses to submit the information requested by the Insurer, the Insurer shall be entitled to refuse the payment of the Insurance Indemnity and terminate the Insurance Contract.

11. The Insurer's obligation to pay out the Insurance Indemnity

- 11.1. The Insurer shall make a decision on the payment of or a refusal to pay the Insurance Indemnity within 7 (seven) days following the day of receipt of all documents required for taking decision.
- 11.2. If an administrative or a criminal case is initiated against the Policyholder or the Insured for the damages or destruction of the objects, the Insurer shall take a decision on the payment of Insurance Indemnity only after receipt of the court judgement legally having entered into force, or decision on termination of the criminal case.
- 11.3. Upon agreement of the Parties, before complete calculation of losses is carried out, the Insurer may pay out a part of the Insurance Indemnity to the extent that is not contested by either of the Parties.

Section 6.

12. Exceptions

- 12.1. The insurance shall not reimburse the losses incurred:
- 12.1.1. to machinery due to internal mechanical or electrical fault or interruptions (including short circuit, overvoltage), due to freezing of a coolant or other liquids, due to low quality lubricants or fuel, as well as due to insufficient amount of the lubricants or coolant, due to low quality repair works, except the cases, when run off the road, turn over or collision happen as the result of such damages, in such cases the Insurer shall be held liable for the following external damages:
- 12.1.2. replaceable parts and additional equipment such as: drills, crowbars, chisels, knives and other cutting surfaces, saw blades, thread cutters, forms, patterns, pulping and crumpling surfaces, riddles and grates, tows, nets, ropes, straps, chains, travelling belts for elevator and conveyor, batteries, tyres, jumper wires and cables, elastic pipes, regularly replaceable connections and airtight materials. However these losses or damages are reimbursed if they have occurred due to the effects of external force;
- 12.1.3. as a result of an explosion of internal combustion engine, boiler or high pressure boiler;
- 12.1.4. Insured Objects being placed on a water transport or ships or air transport;
- 12.1.5. as a result of permanent effects from outwear, corrosion, oxidation, worsening of the condition of the object due to not using it and as a result of effects from normal atmospheric precipitation and deviations of temperature;
- 12.1.6. while testing the Insured Objects or using them otherwise or for performing other jobs than provided for in compliance with the manufacturer's requirements;
- 12.1.7. to the machinery and mechanisms which are used for underground works, unless specified otherwise in the policy;
- 12.1.8. which in accordance with the public laws and contractual liabilities effectual in the territory of the Republic of Latvia the manufacturer, supplier, seller, adjuster or repairer shall be held liable for during the period of warranty;
- 12.1.9. due to a failure or defect that was present already during the conclusion of the Insurance Contract and the Policyholder or his/her representatives have known about it, unless the Insurer was informed in writing about such failure or defect prior to the conclusion of the Insurance Contract;
- 12.1.10. as a result of malicious intent, gross negligence or criminal activity by the Insured or the Policyholder, their employees or persons who use (operate, repair or store) the insured machinery based on agreement or other form of legal relationships. The employees shall be deemed all private individuals who are legally employed by the Insured, Policyholder or the Legal User.
- 12.1.11. in case the Insured Object is used or serviced by the staff without the required qualification, without the rights, licences, permissions, certificates etc. provided for by the legal enactments of the Republic of Latvia or under the influence of alcohol, narcotic and other intoxicating substances;
- 12.1.12. in case the Insured Object after the business hours has been left unlocked, the installed security systems have not been turned on, it has not been placed in fenced off, supervised or guarded territory; with regard to the agricultural, forestry and road building machinery, the territory to place the machinery accepted by these terms and conditions shall be deemed a courtyard of a permanently inhabited farm or private house (where people reside permanently, not seasonally) and in case there is a guard guarding the machinery after the business hours, he/she must be no further than 100 m from the entrusted machinery and the machinery shall be well visible from the guard's location.
- 12.1.13. while using the machinery, which, in compliance with the legal enactments shall, but has not undergone the annual technical inspection and it is causally related to the occurrence of the Insurable Event;
- 12.1.14. and has been disclosed only during the inventory, regular inspection or usual maintenance;
- 12.1.15. with regard to the loss of information and actual expenses related to its renewal;
- 12.1.16. due to war, invasion, external enemy activity, insurrection, revolution, uprising, military operation or illegally attained power, terrorist activity and property arrest performed by any state institution of the Republic of Latvia, and due to changes in administrative regulations and legal enactments;
- 12.1.17. due to blasting sanctioned by the state or municipal governmental institutions or performed by the insured person;
- 12.1.18. as a result of nuclear explosion, radiation or radioactive pollution as well as environmental pollution and poisoning;
- 12.1.19. in relation to third party liability, lost profit, delayed supplies, penalty sanctions, breaks in business, default of contractual obligations, contractual penalties and other indirect losses or losses of financial nature even though they have been caused by the Insurable Event;
- 12.1.20. as a result of failure to observe the operation rules, fire safety requirements and precautionary measures specified by the manufacturer (seller) of the machinery as well as fire safety requirements and norms provided for by the legal enactments of the Republic of Latvia.
- 12.1.21. as a result of any criminal offence, except theft, robbery or vandalism. Fraud, appropriation, failure to return, extortion of insured machinery etc. shall not be deemed as a theft.
- 12.2. Unless the Contractual parties have so agreed and it has been especially specified in the Insurance Policy, the insurance does not reimburse the losses, which have occurred:
- 12.2.1. during loading, unloading, transportation or transfer while the Insured Object is transported on a trailer or truck etc., as well as when it has been towed on a tow bar.
- 12.2.2. while the Insured Object participated in the road traffic (collision with another vehicle or object, run of the road, turn over, road landslip);
- 12.2.3. during the time when the Insured Object was rented;
- 12.2.4. as a result of self-ignition — sudden and uncontrollable burning with open fire due to internal mechanical or electric damages.
- 12.3. When concluding a respective Insurance Contract, the Parties may agree to exclude one or several exclusions specified in Clause 12.1 and/or 12.2.

Section 7. Insurance Indemnity

13. Calculation of Losses and Insurance Indemnity

- 13.1. In case the total loss, theft or robbery of the Insured Object:
- 13.1.1. The Insured Object may be replaced, taking into consideration the least necessary expenses to perform the replacement of the object in equal usage value, technical condition and volume as it was before the Insurable event, not exceeding the Sum insured. Prior to the replacement of the object the Insured shall pay the deductible specified in the Insurance Policy;
- 13.1.2. The Insurer may pay the insurance indemnity as a monetary compensation. Coverable Losses are defined at the amount of the factual value of the Insured Object directly before the occurrence of the Insurable event, however not exceeding the Sum Insured.
- 13.1.3. The Insured Object shall be deemed as a total loss, if the Insurer or the involved experts have admitted that the expenses to eliminate the damage exceed 70% (seventy per cents) of the factual value of the Insured Object directly before the occurrence of the Insurable event.
- 13.2. In case of **the partial damage to the Insured Object:**
- 13.2.1. If the Sum Insured for the object corresponds to its factual value and it is possible to eliminate the damage to the object, the reimbursable expenses of the Insurer shall cover the least necessary expenses to perform the restoration of the Insured Object to the equal usage value and condition before the occurrence of the Insurable Event.

For the Insurable Objects, the age of which does not exceed 5 (five) years at the moment of the occurrence of the Insurable Event and whose Sum Insured corresponds to their factual value, when calculating the restoration expenses, the value of new replaceable spare parts shall be used, without calculating depreciation.

If the age of the Insurable Object at the moment of the occurrence of the Insurable Event is **above 5** years, but does not exceed **8** years, the Insurer shall reduce the Coverable Losses for the replaceable spare parts by 25%. The decrease of the indemnity does not apply for the repair works.

If the age of the Insurable Object at the moment of the occurrence of the Insurable Event is **above 8** years, but does not exceed **12** years, the Insurer shall reduce the Coverable Losses for the replaceable spare parts by 50%. The decrease of the indemnity does not apply for the repair works.

If the age of the Insurable Object at the moment of the occurrence of the Insurable Event **exceeds 12** years, the insurance indemnity shall be calculated according to the principle specified in Clause 13.1, which corresponds to the "Total loss" case.

- 13.2.2. In case the Sum Insured of the object is less than the factual value of the Insured Object, the Insurer shall calculate the Coverable Losses in the proportion as specified in Clause 13.2.1 for the object restoration expenses, which comprise the ratio of the Sum Insured indicated in the policy against the factual value of the Insured Object, unless provided otherwise by the Insurance Contract.
- 13.2.3. If the Insurance Indemnity is paid as a monetary compensation, the Coverable Losses calculated according to the provisions of Clause 13.2.1–13.2.2 shall be reduced by the amount of the value added tax (VAT);

- 13.3. Before the payment of Insurance Indemnity, the Insured Object that is acknowledged as totally lost shall be, upon the Insurer's request, transferred to the Insurer's possession. If the Owner of the Insured Object does not agree to that or refuses to take all necessary actions related to transferring of the Insured Object to the Insurer's possession, or if the Insurer has not requested to transfer the Insured Object to its possession, the Insurance Indemnity shall be calculated by deducting the value of remains of the totally lost Insured Object from the amount of Coverable Losses calculated according to the procedure stipulated in Clause 13.1.
- 13.4. The Insurer shall not reimburse any expenses that are related to the transformation, supplementation, improvement or regular repair works, technical maintenance of the Insured Object that is not related to the elimination of the damages and/or losses incurred as a result of the Insurable Event.
- 13.5. During the period of validity of the Insurance Contract the insurance indemnity is paid no more than in one case of damage to the windscreen, unless specified otherwise in the Policy.
- 13.6. As per the agreement between the Insurer and the Insured, the Insurance Indemnity payout may be as:
- 13.6.1. monetary compensation,
- 13.6.2. Direct payment of the repair, restoration or replacement expenses for the Insured Object to the performer of the repair or replacement works, based on the invoice, calculation or expert's opinion accepted by the Insurer. In this case before the Coverable Losses are paid the Insured shall pay the Deductible as specified in the Policy;
- 13.7. If there is no agreement between the Insurer and the Insured on the type of the Insurance Indemnity payout, it shall be stated by the Insurer.
- 13.8. The Insurance Indemnity shall be paid out not exceeding the Sum Insured specified in the Insurance Policy with a condition that insurance terms and conditions are observed.
- 13.9. The Insurer shall be entitled to deduct the outstanding Insurance Premium from the payable Insurance Indemnity amount.

14. Insured expenses

- 14.1. In relation to the Insurable Event incurred the Insurer in addition to the expenses for the restoration or replacement of the Insured Object, but no more than 10% from the Sum Insured of the Insured Object and not exceeding 5000 EUR, shall include in the Coverable Losses:
- 14.1.1. all reasonable expenses claimed and proved by the Insured for emergency elimination of damages and reduction of losses, and for rescue measures;
- 14.1.2. fire fighting expenses that are reasonable and required to prevent the loss of the insured property or to reduce the losses, except labour costs and suchlike payments;
- 14.1.3. expenses for removing and destruction of the damaged property;
- 14.1.4. costs for the transportation of the damaged Insured Object to the nearest storage or repair place.
- 14.1.5. additional expenses for environmental clean-up works after the Insurable Event.
- 14.2. Additional expenses that exceed the limit specified in Clause 14.1 or which are not stated in Clause 14.1 and its sub-clauses, such as transportation costs, customs taxes and other taxes, installation costs, experts, business trip and hotel expenses, additional expenses for overtime work, night shift, work during the public holidays and urgent transportation costs etc., shall be reimbursed only in case the Policyholder and the Insurer have so agreed in writing and these expenses are specified in the Insurance Contract and additional premium for these additional expenses has been calculated and paid.

Section 8. Termination of the Insurance Contract

15. Sum Insured after the Insurance Indemnity payout

- 15.1. The contract, under which the Insurance Indemnity is paid, shall remain in force until the end of the term specified in the Policy in the amount of the difference between the Sum Insured specified in the Insurance Contract and the amount of the Indemnity paid. After the restoration of the Insured Object a supplementary contract may be concluded to increase the Sum Insured.
- 15.2. In case during the validity of the contract the Insurance Indemnity is paid out for one insured part of the Object (an independent unit or a group of units of the Insured Object that are separately specified in the Insurance Policy or its Appendix) to the full extent of the Sum Insured as specified for that particular part in the Policy, the Contract shall be terminated in regard to that part of the Object.

16. Termination of the Insurance Contract

- 16.1. If the Insured or the Policyholder due to malicious intent or gross negligence has performed activities or has admitted failure to act that has increased the Insured Risk, the Insurer shall be entitled to terminate the Insurance Contract and not to reimburse the Insurance Premium paid.
- 16.2. If the Insured Risk occurs due to malicious intent or gross negligence of the Policyholder or the Insured, the Insurance Contract shall be deemed as terminated as of the moment of establishing the aforesaid facts. In such case the Insurer shall be entitled not to pay out the Insurance Indemnity.
- 16.3. Any contracting party shall be entitled to terminate the Contract after defining the losses caused by the Insurable Event or after the payout of the Insurance Indemnity. The Contract shall be deemed as terminated after 15 (fifteen) days from the day when the respective contracting party has sent a notification on the termination of the Contract.

17. Terms of the Premium payback after the termination of the Contract

- 17.1. If the Insurance Contract is terminated prior to its expiration, the Insurer shall pay to the Policyholder the unused part of the Insurance Premium from which the Insurer may deduct the expenses related to the conclusion of the Insurance Contract in the amount of 25% of the Insurance Premium.
- 17.2. The Policyholder shall have the obligation to inform the Insurer in writing about the non-existence of the insurable interest no later than 1 (one) month after such insurable interest is ceased.
- 17.3. The Insurance Premium shall not be refunded if the Insurance Indemnity is paid out and it exceeds the amount of Insurance Premium.

18. Change of the Owner

If during the period of validity of the Insurance Contract the Insured Object is expropriated and no other valid agreement with the Insurer exists, the Insurance Contract shall expire at the moment when the machinery is transferred to its new owner, except when the object is transferred to the possession of the Legal User specified in the Policy.

19. Term of Submission of Complaints

The Insurer shall accept complaints made by the Policyholder in regard to this concluded Insurance Contract within the period of 2 (two) years starting from the day when the Insurer has made a decision on the payment of the Insurance Indemnity or a refusal to pay the Insurance Indemnity.

20. Subrogation Claim

As of the moment of receipt of the Insurance Indemnity the Insured shall transfer to the Insurer his/her right of claim against the person responsible for the losses in the amount of the Insurance Indemnity paid thereof.

21. Recovery of the Insurance Indemnity Paid

- 21.1. In case the Insured has retrieved the stolen or robbed object that has been insured, he/she shall have the obligation to inform the Insurer immediately and no later than within the period of 1 (one) month from the moment of retrieval to pay back the received Insurance Indemnity to the Insurer.
- 21.2. In case of failure to fulfil the obligations provided for in Clause 21.1 the Insured shall have the obligation no later than within the period of 1 (one) month following the expiry of the above mentioned period to hand over the retrieved property to the Insurer and to register the ownership rights of the property in the Insurer's name.

22. Laws regulating the contractual relations

The contractual relations arising from the Insurance Contract shall be subject to the laws and regulations of the Republic of Latvia.

23. Procedure of settlement of disputes

- 23.1. All disputes arising from this Insurance Contract shall be settled by means of negotiations. Should the Parties fail to come to an agreement, the disputes shall be subject to the procedure provided for in the effectual laws and regulations of the Republic of Latvia as per jurisdiction of the civil case.
- 23.2. In case of discrepancy or inconsistency between the Latvian text of these Terms and Conditions and any translation, the Latvian version shall prevail.