



Business Interruption Insurance Regulations No. 10.1/1

Section 1

1. Terms used in the regulations

- 1.1. **Insurer** – ADB “Gjensidige” Latvian branch which operates in compliance with the Articles of Association
- 1.2. **Policyholder** – a legal entity or physical person that has concluded an insurance Contract in his/her own or another person’s interests.
- 1.3. **Insured** – a legal entity or physical person specified in the insurance policy in which interests insurance Contract has been concluded.
- 1.4. **Insured object** – the gross profit projected by the Insured for the period of liability of the Insurer.
- 1.5. **Turnover** – the monetary funds received or receivable for the sold or delivered goods or rendered services.
- 1.6. **Gross profit** – the gross profit calculated in the manner specified in the questionnaire accepted by the Insurer.
The Gross profit is composed of the following key figures of the company:
 - 1.6.1. net profit;
 - 1.6.2. constant expenses (including wages and salaries).
- 1.7. **Net profit** – the Insured’s net profit from the basic activities of the company.
- 1.8. **Constant expenses** – the business costs which are not subject to the output of products - at the adequate stable level.
- 1.9. **Sum insured** – the maximum monetary sum specified in the insurance contract, for which the Insured’s gross profit is insured against losses in the BI insurance.
- 1.10. **Insured risk** – the business interruption arisen by the damages to or loss of the insured property used by the Insured in the business, resulted from the risk occurrence within the insurance period as stipulated in the property insurance policy.
- 1.11. **Business interruption (BI)** – a runoff of the level of the business turnover resulting in the reduction of the gross profit.
- 1.12. **Insurance premium** – payment for insurance as fixed in the insurance policy.
- 1.13. **Insurance indemnity** – a sum of money payable for the insured accident or services in compliance with the insurance contract.
- 1.14. **Insurance Contract** – a contract which, in the construction hereof, consists of the insurance policy, regulations, application and questionnaire form, as well as all the amendments and supplements to the contract agreed by the Insurer and Policyholder.
- 1.15. **Insured accident** – any loss of the gross profit projected by the Insured and being in the causal relationship with the insured risk, on the occurrence of which the payment of insurance indemnity is envisaged, according to the conditions of the insurance Contract.
- 1.16. **Property** – the insured property used by the Insured in the business.
- 1.17. **BI period** – a time period from the occurrence of the insured risk until the moment when the enterprise is able again to provide for the production or services to the extent similar to the prior to the occurrence of the insured accident.
- 1.18. **Period of liability of the Insurer** – the maximum time period fixed in the policy, for which the Insurer shall be liable as of the moment of occurrence of the insured risk. The period of liability of the Insurer shall not be subject to the insurance Contract period.

Section 2. Relationship to property insurance

1. Conclusion of insurance Contract

A company can conclude a business interruption (hereinafter referred to as "BI") insurance contract, and it shall be only valid if a contract (contracts) of insurance of the property used for the business is simultaneously concluded with the Insurer.

2. Insured accident in the BI insurance

- 2.1. The insured accident in the BI insurance shall occur if the insured accident in the property insurance has occurred, to wit:

- 2.1.1. as a result of the occurrence of the risk insured by the property insurance contract, the property used in the business is damaged or lost;
- 2.1.2. insurance indemnity is due to the Insured under the property insurance contract for the property damage or loss.
- 2.2. It may be stipulated in the insurance Contract, which property insurance risks and objects of property shall not be deemed giving rise to the BI under the conditions of the present contract.

Section 3. Liability of the insurer

4. Payable losses

- 4.1. Pursuant to the terms and conditions of the present insurance Contract, the Insurer undertakes to indemnify the Insured for:
 - 4.1.1. The difference between the gross profit which would have been derived should the insured accident not occur, and the actual gross profit for the BI period;
 - 4.1.2. The business rehabilitation expenditures reducing the loss of the gross profit resulted from the business interruption, in compliance with the business rehabilitation actions plan agreed by the Insured and Insurer.

5. Sum insured

- 5.1. The sum insured shall be specified on the basis of the gross profit of the business enterprise, which is projected to be derived within the period of liability of the Insurer, at an agreement between the Policyholder and Insurer.
- 5.2. Should the Policyholder wish to determine a shorter period of liability of the Insurer for the employees’ wages and salaries than the total period of liability, then the employees’ wages and salaries insurance could be set off in the contract and a particular sum insured could be fixed for the same.

6. Amount of insurance indemnity

The amount of insurance indemnity shall be fixed by the Insurer for the BI period not exceeding the period of liability of the Insurer.

7. Own risk of the Insured

- 7.1. The own risk of the Insured shall be a portion of the damages, expressed in terms of monetary funds, time or percentage, on the occurrence of which the liability is undertaken by the Insured.
- 7.2. The own risk of the Insured shall be determined by agreement between the Insurer and Policyholder, and fixed in the insurance policy.

8. Non-recoverable losses

The Insurer shall not indemnify for the losses resulted within the BI period from:

- 8.1.1. force-majeure: external circumstances not depending on the property damages;
- 8.1.2. restrictions of the enterprise repair or running passed by the governmental or local authorities;
- 8.1.3. lack of funds required by the Insured in order to repair or purchase new property in replacement of the damaged one, resulted in the delay of the business rehabilitation.

Section 4. Obligations of the policyholder

9. Information to be presented by the Policyholder

- 9.1. Upon conclusion of the insurance Contract the Policyholder is obliged to provide the Insurer with any requested information which is necessary for the Insurer in the determination of probability of the occurrence of the insured risk and important on the contract conclusion.
- 9.2. The Insured shall notify the Insurer of other valid insurance contracts attributable to the same insured object.

- 9.3. The Insurer shall be provided with the access to the enterprise for the insured risk estimation and inspection during and prior to the insurance Contract period.
- 9.4. The Insured shall notify the Insurer immediately on any circumstances which could increase the probability of the occurrence of the insured risk or probable extent of losses.

10. Consequences of the Insured's failure to meet his/her obligations

- 10.1. The Insurer is entitled to refuse the payment of the insurance indemnity if the Insured maliciously or due gross negligence has failed to fulfill any of the obligations specified in the present Regulations;
- 10.2. The Insurer may decrease insurance indemnity by 50% if the Insured due to carelessness has failed to fulfill any of the obligations specified in the present Regulations.
- 10.3. If upon the conclusion of the insurance Contract, during its validity or after occurrence of loss the Policyholder, Insured, owner or user of the insured object provides false information or refuses to provide the Insurer the requested information, the Insurer is entitled to refuse the payment of insurance indemnity and terminate the insurance Contract.

11. Increase of the Insured's risk occurrence probability

If the insured risk has changed within the Contract period, the Insurer shall be entitled to adjust (increase or reduce) the premium rate as of any consequent fixed date of the premium payment, at a 15 days notification of the Policyholder in writing. Should the Policyholder not accept the amendments proposed, the Insurer shall be entitled to cancel the Contract within 15 days as of the date of receipt of the refusal or the deadline expire.

12. Information storage

- 12.1. It shall be an obligation of the Insured to store precise reports of the business operations conducted, adhering to the procedure of collection, registration and storage of accounting and other documents as stipulated by the legislation of the Republic of Latvia.
- 12.2. It shall be an obligation of the Insured in case of a claim, to provide the Insurer with necessary information, and the Insurer shall be entitled to get acquainted with the accounting and other documents in relation to the accident which has been the reason for the claim. Should the Insured fail to meet the above requirements resulted in the Insurer's inability to determine the fact or extent of losses, the Insurer shall be entitled to reject the claim for indemnity or pay the indemnity to such extent which can be proved without receipt of the above mentioned information.

13. Fraud

Should the Policyholder or Insured deliver untrue information to the Insurer or conceal significant information on or upon the conclusion of the insurance Contract, the Insurer shall be entitled to admit the insurance Contract invalid as of the moment of conclusion thereof at any time when such fact becomes known, and to demand revision of the insurance premium and Contract provisions.

Section 5. General conditions

14. Period and effective date of the insurance contract

- 14.1. The period of the insurance Contract is specified in the insurance policy.
- 14.2. The insurance Contract is valid during the period of time specified in the policy if the Policyholder has paid insurance premium or its first installment up to the date set in the policy.
- 14.3. If the Policyholder has not paid insurance premium or its first installment in the term specified in the policy the insurance Contract does not enter into force.

15. Payment of insurance premium

- 15.1. The insurance premium has to be paid in the terms specified in the policy.
- 15.2. If the regular premium payment except the first installment is not paid in the above mentioned manner, the validity of the insurance is suspended and the Insurer sends to the Policyholder a written notice with a request to make the payment until a certain deadline.
- 15.3. Should the premium is not paid within the dates and amount fixed in the notice, the Insurer shall cancel the policy.
- 15.4. If the insurance premium is paid by order of transfer then the payment day is considered the day when the premium is counted to the bank account of the Insurer.

Section 6. Insured accidents

16. Prerequisites for the occurrence of the insured accident

The insured accident in the BI insurance can occur when the following prerequisites are fulfilled:

- 16.1.1. the insured accident occurs in the property insurance with the property used by the Insured in his business operations;
- 16.1.2. the BI insurance contract is valid at the moment of the occurrence of the insured accident;
- 16.1.3. the insured accident is not resulted from the risk which is not deemed to be cause for the BI under the BI insurance Contract;
- 16.1.4. the Insured has fulfilled his/her obligations under the property and BI insurance Contracts;
- 16.1.5. the insurance indemnity is due to the Insured under the property insurance regulations;
- 16.1.6. the BI is the result of the direct and unavoidable damages to the property.

17. Claim notice

- 17.1. The Insured shall notify the Insurer immediately, as soon as possible, of the property damages as a result of which the insured risk could occur.
- 17.2. It shall be an obligation of the Insured upon the insured accident occurrence:
 - 17.2.1. to take all the reasonable measures in order to eliminate or minimize the losses;
 - 17.2.2. to coordinate with the Insurer and then adhere to the business rehabilitation actions plan;
 - 17.2.3. to submit the BI loss statement and supporting documents to the Insurer within the period of 2 weeks upon expire of the BI or liability of the Insurer periods (whichever comes first), unless the Insurer has approved the period extension in writing;
 - 17.2.4. to provide the Insurer, his representative or engaged experts with an opportunity to examine the enterprise and its property for the determination of the reasons and extent of losses;
 - 17.2.5. at a request, the Insurer shall be provided with any requested enterprise's accounting documents on the business operations in the current year and three preceding years, and necessary official information.
- 17.3. If the above obligations are not performed, the Insurer shall be entitled to refuse or reduce the insurance indemnity.

18. Payment of the Insurance Indemnity

- 18.1. The Insurer takes a decision on payment of insurance indemnity or refusal to do it within one month from the date of receipt of all the necessary documents.
- 18.2. The Insurer can pay a part of the insurance indemnity prior to the final calculation, if the amount of the Insured's losses can be determined within the BI period.
- 18.3. The Insurer is entitled to postpone the payment of insurance indemnity to a later period, if a criminal action has been brought in connection with the property damages or losses resulted from the BI, until the completion of investigation.
- 18.4. The insurance indemnity for one or more insured accidents cannot exceed in total the sum insured specified in the policy.

19. Underinsurance

Should the sum insured under one or more insurance contracts in relation to one and the same insured risk be less than the value of insured object (underinsurance), the Insurer shall pay the insurance indemnity at such ratio that constitute the sum insured and the said value.

20. Other insurance Contracts

Should the BI be insured also with any other company, the insurance indemnity shall be paid proportionally to the sums insured in such a manner that the total insurance indemnity will not exceed actual losses caused to the Insured.

21. Malicious intent of the Insured

Should the insured risk occur due to the malicious intent or gross negligence of the Insured, the Insurer shall be entitled to withhold the payment of insurance indemnity and keep the insurance premium received.

22. Termination of Insurance contract

After the losses caused by the insured accident are ascertained or insurance indemnity is paid any of the contracting parties is entitled to cancel the Contract. The Contract is considered cancelled within 15 days from the day of notice sending on the Contract's cancellation.

Section 7. Final provisions

23. Sum insured upon the payment of indemnity

- 23.1. Should the paid insurance indemnity not exceed 10% of the sum insured, the original amount of the sum insured shall be not reduced.
- 23.2. Should the insurance indemnity paid under the policy exceed 10% of the sum insured as fixed therein, the Policyholder shall pay an additional premium. In case of the premium non-payment, the Contract shall remain valid until the expire of the period fixed in the policy in the amount of the difference between the original sum insured and the insurance indemnity paid out.

24. Information

- 24.1. The Insurer guarantees confidentiality of the Policyholder's and Insured's information.
- 24.2. The application for insurance, questionnaire form and other submissions, notices, confirmations, etc. from the Policyholder or Insured, should be executed in writing.

25. Assignment of rights

Upon the insurance indemnity payment, the Insurer shall take over the Insured's rights to claim against the person responsible for the losses, to the extent of the sum paid out.

26. Claim limitation period

The Insurer shall consider the claims pursued by the Insured in connection with the present insurance Contract, if prosecuted within the period of 1 year as of the date of the Insurer's decision of the insurance indemnity payment or refusal to do so.

27. Applicable laws

The contractual relationships arising from the insurance Contract shall be regulated by normative acts of the Republic of Latvia – Insurance Contract Law, Civil Code and other normative acts of the Republic of Latvia.

28. Settlement of disputes

- 28.1. All disputes arising from the insurance Contract shall be settled by way of negotiations. If the parties cannot agree the dispute shall be considered in accordance with normative acts of the Republic of Latvia by the Court of the Republic of Latvia.
- 28.2. In case of discrepancy or ambiguity of this regulation between the Latvian language text and foreign language, the Latvian language text shall prevail.