



General Third Party Liability Insurance Regulations No.7.3/2

1. Terms and definitions

- 1.1. **Insurer** — ADB "Gjensidige" Latvian branch which operates in compliance with the Articles of Association.
- 1.2. **Policyholder** — a legal entity or a natural person who has concluded the Insurance Contract in favour of oneself or another person.
- 1.3. **Insured** — a legal entity or a private individual specified in the Insurance Policy, in favour of whom the Insurance Contract has been concluded and whose third party liability has been insured. Persons employed by the Insured (employees) in accordance with law and regulations of the Republic of Latvia shall be also deemed as the Insured persons.
- 1.4. **Insurance Contract** — a document which includes terms and conditions of the insurance contract, the policy and also all amendments and supplements thereof which the Insurer and the Policyholder have agreed upon in writing. The Insurance Contract may be concluded in person or by means of distance communication. In case of choosing the means of distance communication, a distance insurance contract shall be concluded.
- 1.5. **Insurance Policy** — a document proving conclusion of the Insurance Contract.
- 1.6. **Distance Insurance Contract** — an insurance contract concluded by the Insurer and the Policyholder based on the Insurer's written offer that has been sent to the Policyholder by fax, via internet, or by e-mail (means of distance communication). An electronic printout of the Insurance Policy shall serve as a proof of conclusion of the Distance Insurance Contract.
- 1.7. **Third Party** — any private individual or legal entity 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 Regulations, the following persons shall not be deemed as Third Parties:
 - 1.7.1. relatives of the Policyholder and the Insured up to the third generation, a spouse, as well as the in-laws up to the second generation;
 - 1.7.2. the Policyholder, the Insured, the Coinsured, the enterprises being a part of their Group of Companies (for the purpose of the Group of Companies Law), as well as their employees, representatives and assistants;
 - 1.7.3. the employer of the Insured and the employees of the employer.
- 1.8. **Coinsured** — a person whose third party liability is insured additionally with the Insured's liability and it is specified in the insurance policy.
- 1.9. **Insurable Event** — a sudden and unexpected event occurred during the Insurance Period or the Retroactive Period in the result of which a third party has suffered losses which shall be reimbursed in accordance with the terms and conditions of the Insurance Contract and about which the Insurer is notified in accordance with the procedure specified herein.
- 1.10. **Losses** — direct losses caused to Third Parties in result of activities executed in the territory of the Insurance Contract, the amount of which is determined on the basis of an agreement between the Third Party and the Insurer, an expert opinion or a court decision.
- 1.11. **Liability Limit** — the maximum amount of money specified in the Insurance Contract, within the limits of which the Insurer shall indemnify losses.
- 1.12. **Claim** — a written application of the Third Party to the Insured for indemnification of losses.
- 1.13. **Insurance Claim** — a written application of a certain form submitted by the Insured to the Insurer.
- 1.14. **Insurance Indemnity** — an amount of money payable by the Insurer to the Third Party or certain activities carried out by the Insurer in the result of the occurred Insurable Event in order to compensate losses caused to a Third Party and to settle the claims or complaints brought against the Insured.

- 1.15. **Deductible of the Insured** — a part of losses expressed in percents or as an amount of money which the Insurer shall not compensate in case of an Insurable Event in accordance with the concluded Insurance Contract.
- 1.16. **Extended reporting period** — the period of time specified in the insurance policy after expiry of the insurance period during which the Insured may submit an application — notification of losses to the Insurer. According to these Regulations, the extended period for claiming losses of 3 (three) years shall be automatically applied to each Insurance Contract unless otherwise specified in the Policy.
- 1.17. **Retroactive Period** — the period of time specified in the Insurance Contract before the Insurance Period, during which the losses shall be indemnified that are caused by an event being a casual effect of losses and occurred within a Retroactive Period, i.e. before the beginning of the Insurance Period, if none of the Parties knew about the possibility of occurrence of such losses at the moment of conclusion of the Insurance Contract. Retroactive Period of the Insurance Contracts concluded consecutively, without a break, is the insurance period of all previous Insurance Contracts.
- 1.18. **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, 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. Insurable object

- 2.1. On the basis of these Regulations the Insured's third party liability is insured in accordance with law and regulations of the Republic of Latvia if losses are caused to a Third Party due to actions or a failure to act of the Insured in cases if:
 - 2.1.1. The Insured as an owner, lessee or tenant carries out maintenance operation of land plots, buildings, constructions, apartments, if certain real estate is used solely to perform the Insured business activity which is not connected with the earning of profit from the real estate.
 - 2.1.2. The Insured shall carry out his/her insurable business activity specified in the Insurance Contract;
 - 2.1.3. losses connected to the services rendered by the Insured, his/her produced and/or distributed product, if it is specified in the Insurance Contract.

3. Liability of the insurer

- 3.1. Pursuant to the terms and conditions, limits, exemptions and other conditions of this Insurance Contract, there is a basis for paying the reimbursement of losses if all of the following requirements are met:
 - 3.1.1. the source of harm and losses is the event occurred in the territory covered by the Contract and within the Retroactive Period or the Insurance Period specified in the Insurance Policy;
 - 3.1.2. the losses have been first time discovered within the Insurance Period;
 - 3.1.3. a Claim for indemnification of losses has been lodged within the Insurance Period or within the Extended reporting period;
 - 3.1.4. a written Insurance Claim has been submitted to the Insurance Company within the Insurance Period or within the Extended reporting period.
- 3.2. Pursuant to the terms and conditions, limits, exemptions and other conditions of this Insurance Contract, the coverable losses are:
 - 3.2.1. all amounts of money for which the Insured bears civil liability and which are payable to a Third Party in order to compensate the losses incurred:



- 3.2.1.1. harm to health and life of a third party (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;
- 3.2.1.2. in case of physical damage or loss of property, 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;
- 3.2.1.3. if indicated in the Insurance Contract, indirect losses resulting from the damages caused to the property or the harm to life and health;
- 3.2.1.4. if indicated in the Insurance Contract, moral damage for physical or mental suffering related to damage caused to life/health of the third party;
- 3.2.2. 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.
- 3.3. Insurance is valid solely with regard to losses which the third party liability is provided for in compliance with the effectual legislation of the Republic of Latvia.
- 3.4. 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 Policy when the first loss was incurred.
- 3.5. If several sequent insurance contracts are concluded, the Insurance Indemnity shall be paid (the losses shall be compensated) in accordance with the terms and conditions of the insurance contract during the period of which the losses has been first reported.

4. Territory covered by the contract

The Insurance Contract covers the whole territory of Latvia and in accordance with laws and regulations of the Republic of Latvia, unless otherwise specified in the Insurance Contract.

5. Liability limits

- 5.1. Liability Limit — the maximum amount of insurance indemnity for compensation of actual expenses, legal costs and salvage expenses.
- 5.2. Signing the Insurance Contract, the Policyholder and the Insurer shall agree on the liability limits in relation to the Claims for one Insurable Event and also a total liability limit altogether throughout the Insurance Period. Different liability limits can be defined separately for each type of loss (health, property etc.).

6. Amount of the insurance indemnity

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

7. Deductible of the insured

- 7.1. Deductible of the Insured shall be defined by mutual agreement of the Insurer and the Policyholder and it shall be specified in the Insurance Contract as a defined amount or a percentage from the loss which shall be deducted from the Insurance Indemnity payable.
- 7.2. The Deductible of the Insured shall be also applied to expenses of protection against unjustified complaints.

8. The Insurer shall not indemnify the following losses:

- 8.1. What is not covered:
 - 8.1.1. losses caused by an event that took place before the beginning of the Insurance Period or the Retroactive Period, as well as after the Insurance Period;
 - 8.1.2. losses occurred after the services have been rendered/works have been finished (completed operations);
 - 8.1.3. losses caused to property, life, health by the companies and subcontractors outsourced by the Insured for execution of works basing on a works contract or a contractor agreement or other third party liability agreements;
 - 8.1.4. indirect losses, shortfall in planned profit, penalties, any demurrages or other similar sanctions;
 - 8.1.5. moral damage;
 - 8.1.6. losses occurred due to the loss of electronically stored information;
 - 8.1.7. compensation payments due to the failure to observe the term for the execution of order or its delay, for the failure to fit in the cost estimates of the works to be performed;
 - 8.1.8. losses caused to property:
 - 8.1.8.1. owned by the Insured;
 - 8.1.8.2. 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.
 - 8.1.9. losses to the property of third parties caused by Force Majeure circumstances;
 - 8.1.10. 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, or the Insured has rented, leased or driven it;
 - 8.1.11. losses connected to errors or malfunctions of any microprocessor hardware (computers, technological equipment, control systems, data storage devices etc.) and its software;
 - 8.1.12. losses caused by any ship or water transport vehicle or aircraft owned by the Insured, or the Insured has rented, leased or steered it;
 - 8.1.13. losses incurred during loading or unloading;
 - 8.1.14. 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);
 - 8.1.15. 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;
 - 8.1.16. 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;
 - 8.1.17. 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;
 - 8.1.18. 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;
 - 8.1.19. losses — damages to a separate part of property which needs renovations, repair or replacement due to unsatisfactory quality, incorrectness on incompleteness of works performed by the Insured;
 - 8.1.20. losses caused by the malicious intent, gross negligence or criminal actions of the Insured;
 - 8.1.21. losses caused due to malicious intent or gross negligence by the Third Party herself/himself;
 - 8.1.22. losses caused while being under the influence of alcohol, drugs or psychotropic substances;



- 8.1.23. losses caused by the Insured while performing his/her activities without necessary licences, permits, certificates etc. defined by laws and regulations of the Republic of Latvia, or without coordinating his/her activities in accordance with the requirements of regulatory enactments, or with major breach of technical standards and specifications of the industry;
- 8.1.24. losses occurred as a result of vibration or concussion, 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;
- 8.1.25. losses occurred due to changes of groundwater environment or level;
- 8.1.26. 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;
- 8.1.27. 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);
- 8.1.28. 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;
- 8.1.29. 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;
- 8.1.30. losses caused by environmental pollution or poisoning, i.e. pollution of air, water or soil;
- 8.1.31. losses caused by ionizing radiation or radioactive poisoning;
- 8.1.32. 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;
- 8.1.33. losses (harm) occurred due to getting infected by HIV, AIDS or other infectious diseases;
- 8.1.34. losses caused to Third Parties by the companies and subcontractors outsourced by the Insured for execution of works basing on a contractor agreement or other third party liability agreements;
- 8.1.35. losses caused when the Insured due to his/her gross negligence or malicious intent fails to inform the Insurer on the changes of circumstances related to the insured object or to provide other information in its regard;
- 8.1.36. losses due to liability which the Insured has undertaken under a contract, except cases when such liability would have been enforced also without the said contract;
- 8.1.37. losses occurred in case of insolvency process or bankruptcy of the Insured;
- 8.1.38. losses related to recommendations, services or estimates provided by the Insured in respect of investments.
- 8.2. Concluding a certain Insurance Agreement, the Insurer shall be entitled to withdraw from certain limitations mentioned, as well as to define additional limitations related to the events that are not deemed as an insurable event by stating the above in Special Conditions of the Insurance Contract or by preparing a separate annex to the Insurance Contract which becomes inalienable part of the Insurance Contract upon signing.

9. Completing the application form

- 9.1. Prior to signing the insurance contract, the Policyholder shall fill in a certain form of application providing the available information. Upon signing of the Insurance Contract, the Insurance Application shall become a part of the Insurance Contract.
- 9.2. The Policyholder or the Insured shall inform the Insurer in written about any changes of information provided in the application form.

10. Risk changes

- 10.1. If as the result of changes mentioned in 9.2 hereof the insurance risk has increased, the Insurer shall be entitled to request additional premium payment in accordance with the procedure defined by law and regulations or to change the conditions of the Insurance Contract.
- 10.2. The Insurer shall be entitled to inspect business activities of the Insured and in case if the increase of probability of any risk occurrence is identified in the result of the above inspections, the Insurer shall have right to withdraw from undertaking responsibility in accordance with the increase of probability of occurrence of such risk.

11. Information provided by the insured

- 11.1. The Insured shall inform the Insurer immediately in writing about:
- 11.1.1. any claim made or complaint brought against him/her in the court in relation to the business activities conducted by him/her due to losses caused to third parties;
- 11.1.2. the events which could be a potential reason for raising a claim or complaint against the Insured in connection with losses recoverable under this Policy.
- 11.2. If the Policyholder at the time or after signing of this Insurance Contract provides the Insurer with false information with the aim to hide the amount of the insurance risk, the Insurer shall be entitled to declare the insurance as null and void as of the moment of concluding the Contract in accordance with the procedure defined by law and regulations.

12. Storing of information

- 12.1. 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.
- 12.2. In case of claim, the Insured shall provide the Insurer with the necessary 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.

13. Fraud

In case the Insured submits 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.

14. Insurance period

The Insurance Period is a period of time specified in the Insurance Contract during which the coverage provided by the insurance is valid.

15. Insurance premium

- 15.1. If the first instalment of the Insurance Premium 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.
- 15.2. 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.
- 15.3. If the Insurance Contract specifies the dates of payments of the Insurance Premium, the premiums shall be paid not later than on the due dates specified. In case of failure to pay the Premium according to the above procedure, the Insurer shall send to the Policyholder a written notification with a request to pay the respective amount of the Premium by a certain date. If the Insurance Premium is not paid within the term and to the extent specified in the notification, the Insurer shall be entitled to terminate the Insurance Contract and not to reimburse the Insurance Premium paid.



- 15.4. If during the Insurance Period the Insured Risk is changed in the result of activities of the Insured, the Insurer shall be entitled to amend (to reduce or to increase) the Premium rates starting from the day of payment of any of the subsequent Premiums by giving the Policyholder a prior written notice within 15 days. If the Policyholder does not accept the changes offered, the Insurer shall be entitled to terminate the Insurance Contract within 15 days after the day of receiving the refusal or the end day of the offer validity period.
- 15.5. The Insurer shall be entitled to deduct the outstanding parts of the Insurance Premium from the Insurance Indemnity payable to the Third Party in accordance with the respective Insurance Contract.

16. Insurance claim

- 16.1. According to the procedure defined in 11.1 hereof, the Insured shall inform the Insurer of any event that caused losses to Third Parties, as well as to provide the Insurer with any required additional information, specifying all other insurance companies with which the Insured has signed third party liability insurance contracts.
- 16.2. According to provisions of these Regulations, any insurance claim may be submitted during the Insurance Period or within the extended period for claiming losses.

17. 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.

18. Processing of claims

- 18.1. 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 these Regulations, 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 Insured's interests 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.
- 18.2. 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 specified in the Insurance Contract.

19. Payment of indemnity

- 19.1. The Insurer shall make a decision regarding payment of the insurance indemnity within 10 (ten) working days after the receipt of all necessary documents.
- 19.2. The Insurance Indemnity payment shall be made within 5 (five) working days following the day of passing a decision.
- 19.3. 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.

20. 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.

21. Subrogation

- 21.1. 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:
- 21.1.1. in the result of court proceedings it is proven that the reason of the Insured Event is intentional criminal actions of the Insured;
- 21.1.2. the Insured Event is caused by gross violation and non-observance of technical specifications and standards of the industry.

22. Right of withdrawal

If the Insurance Contract represents a Distance Insurance Contract and its Insurance Period is not shorter than 1 (one) month, the Policyholder shall be entitled to exercise the right of withdrawal and to unilaterally withdraw from the Insurance Contract within 14 (fourteen) days after conclusion of the Insurance Contract by notifying the Insurer thereof in writing (address: Brīvības iela 39, Rīga, LV-1010). In such case the entire Insurance Contract shall become null and void with regard to the whole Insurable Object on the date of sending the Policyholder's notice of withdrawal. The Insurer shall refund the share of the Insurance Premium, the amount of which is determined by deducting the share of the Premium corresponding to the actual period of validity of the Insurance Contract, from the Premium paid thereof.

23. Final provisions

- 23.1. The Insurer's activities are supervised by the Financial and Capital Market Commission.
- 23.2. The Policyholder agrees that the Insurer as the system administrator and operator of the personal data processes the Policyholder's and the Insured person's personal data including sensitive personal data and personal identification (classification) numbers for the purposes of ensuring performance of the Insurance Contract in accordance with the Personal Data Protection Law and other laws and regulations of the Republic of Latvia.
- 23.3. For the purposes of conclusion and performance of the Insurance Contract, the Insurer shall be entitled to transfer the personal data to the Insurer's employees, specialists, experts, coinsurers and reinsurers.
- 23.4. In all cases not specified in the Insurance Contract, the Parties agree to apply the law "On Insurance Contract", "The Civil Law" and other effectual laws and regulations of the Republic of Latvia for governing their mutual relationships.
- 23.5. All disputes arising from the Insurance Contract shall be settled by means of negotiations. Should the Parties of the Insurance Contract 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.
- 23.6. In case of discrepancy or ambiguity of this regulation between the Latvian language text and foreign language, the Latvian language text shall prevail.