

## TERMS AND CONDITIONS OF HOME INSURANCE

### TABLE OF CONTENTS

1.	CONCLUSION OF HOME INSURANCE CONTRACT .....	1
2.	PLACE OF INSURANCE .....	1
3.	INSURED OBJECT .....	1
4.	BUILDING .....	1
5.	PART OF A BUILDING.....	1
6.	INSTALLATIONS AND SMALL BUILDINGS .....	2
7.	HOUSEHOLD PROPERTY .....	3
8.	INSURED EVENT .....	3
9.	CHOICE OF INSURANCE COVER .....	3
10.	SELECTED RISK INSURANCE .....	3
11.	ALL RISK INSURANCE .....	4
12.	ADDITIONAL INSURANCE COVER .....	5
13.	DEDUCTIBLE .....	6
14.	INDEMNIFICATION .....	6
15.	SAFETY REQUIREMENTS AND PRUDENT CONDUCT .....	7

### 1. CONCLUSION OF HOME INSURANCE CONTRACT

- 1.1 The Insurer shall issue an insurance policy, based on data presented by the Policyholder. Insurance contract shall take effect on the day following the reception of insurance premium or the first instalment of insurance premium. Insurance cover shall commence on the first day of the period of insurance specified on insurance policy, if insurance premium is paid in due time. Insurance cover shall be valid during the insurance period specified on the insurance policy.
- 1.2 If the Policyholder fails to pay the insurance premium, it is assumed that s/he did not wish to conclude the contract under the policy conditions and the contract has not been concluded. In this case there shall be no insurance cover.

### 2. PLACE OF INSURANCE

Place of insurance shall be the address specified in the insurance contract where the insured object is located. Insurance shall cover only the place of insurance stated in insurance contract, unless agreed otherwise.

### 3. INSURED OBJECT

Insured object shall include the building, part of a building, structure and household property specified in the insurance contract.

### 4. BUILDING

- 4.1 Building shall be a structure with basement, walls, roof and interior, established on the ground.
- 4.2 Building may be an house or a separate outbuilding situated on the same property, e.g. garage, sauna, shed or another outbuilding. Integrated buildings, e.g. a garage integrated with the house, shall be insured as a single

object. Only the building specified in the insurance contract shall be covered.

- 4.3 Insurance of a building shall cover all existing essential parts, the lack of which would significantly impair the integrity of the building or make the building unusable.

- 4.4 Essential parts of a building shall include the following:

- 4.4.1 Any installed structural, insulation or finishing elements of the insured building, which are located inside or outside the building;

- 4.4.2 Any structural, insulation or finishing elements of the insured building pending the installation, which are located in the building;

- 4.4.3 Built-in kitchen and bathroom furniture (including appliances integrated into kitchen furniture) and wardrobe cabinets;

- 4.4.4 Installed technical systems servicing the building, which are situated inside or outside the building, up to the nearest supply point, e.g. water supply, sewerage, heating, ventilation, climate, communication and security systems or parts thereof;

- 4.4.5 Technical systems in the building that are servicing the building and are pending the installation, e.g. water supply, sewerage, heating, ventilation, climate, communication and security systems or parts thereof;

- 4.4.6 In addition to the heating element also the fuel required for heating and located on the same property as the building in the maximum value of 500 euro.

- 4.5 Insurance of a building shall not cover the following:

- 4.5.1 Wind generator, solar panel or electric substation located in the place of insurance, which is installed or waiting to be installed. These objects can be insured if they are specified in the insurance contract as separate objects;

- 4.5.2 Household property, e.g. furniture, lighting fittings, household linen, non-integrated kitchen and home appliances, hobby equipment, tools. Household property shall be insured as a separate item (See point 7 of these Terms and Conditions regarding the insurance of household property).

### 5. PART OF A BUILDING

Part of a building may be an half of a semi-detached house, a section of a terraced house or an apartment.

- 5.1 **Half of semi-detached house and section of terraced house**

- 5.1.1 An half of a semi-detached house and a section of a terraced house shall be ensured as a physical share. Insurance of a part of a building as a physical share shall mean in these Terms and Conditions that the part of a building is insured as if it were a separate building.

- 5.1.2 Insurance shall not cover the part of the building that is not used by Policyholder and/or Insured Person and the existence and condition of which has no direct effect on the part of the building to be insured.

*Example: If Policyholder wishes to insure a section of a terraced house, the cover includes essential parts of a building situated within the boundaries of the insured section, as explained in these Terms and Condition in respect of a building. A part of the building that is situated outside this section, e.g. the roof of the neighbouring section, is not covered and this part is or should be insured by owners of neighbouring sections.*

- 5.1.3 An essential part of the building, which is not situated in premises owned and/or used by Policyholder but is situated on the same property and the good working order of which is essential for servicing the insured part of the building, shall be covered proportionally to the size of insured property.

*Example: In case a boiler intended for heating the whole terraced house is not situated in or directly adjacent to the insured part of the building and the heating of the insured part of the building is dependent on its good working order, this boiler together with the boiler room and fuel is covered to the extent of Policyholder's share of the property.*

- 5.1.4 An essential part of the building, which is situated in premises owned and/or used by Policyholder but the good working order of which is essential for servicing the insured part of the building, shall be covered proportionally to the size of insured property.

*Example: In case a boiler meant for heating the whole terraced house is situated in the insured part of the building but the heating of the whole building is dependent on its good working order, this boiler shall be covered to the extent of Policyholder's share of the property.*

## **5.2 Apartment**

- 5.2.1 Apartment is a physical share of a building, which can be separately used, altered, removed or added, without damaging another apartment or altering the external form of the building. Insurance of an apartment covers e.g. inner decoration, doors, windows, sanitary ware, power system, heating system, water supply system, and sewerage systems (installed or to be installed).
- 5.2.2 Insurance of an apartment covers built-in kitchen and bathroom furniture (including appliances integrated into kitchen furniture) and wardrobe cabinets;
- 5.2.3 Insurance of an apartment covers balconies and loggias, except unauthorized alterations.
- 5.2.4 Insurance of an apartment covers also the inner decoration and the door of a storeroom that is situated in the same building and is used solely by Policyholder.
- 5.2.5 As an exception, the insurance of an apartment covers the part of technical equipment servicing the whole building, which is situated in or crosses through the apartment and is essential for the functioning of the whole building.

*Example: Insurance of an apartment covers also the central heating pipeline that is located in and crosses through the apartment and carries the heating water to other apartments.*

- 5.2.6 In case of a dwelling that is an object of common ownership, the insurance of an apartment covers the part of the building that is managed and/or used by

Policyholder or Insured Person independently from other co-owner and pursuant to the specific agreement.

- 5.2.7 In case of a dwelling that is an object of common ownership, the insurance does not cover the part of the building that is essential for the security or functioning of the building, e.g. basement, load bearing walls, roof, and communal space. These parts should be insured jointly by co-owners.

*Example: In case of a house that is an object of common ownership and where Policyholder buys an insurance cover only for rooms situated on the second floor and used by Policyholder, this insurance does not cover the roof, load bearing walls, basement, common hallway and other such parts of the building.*

- 5.2.8 Insurance of an apartment shall not cover the following:

5.2.8.1 Structural elements that are necessary for the life of a structure or securing its safety;

5.2.8.2 Part of the building used jointly by all owners or co-owners of the apartment, e.g. basement, load bearing structures, roof, internal decoration in communal space, external decoration of the building, common heating, power and ventilation systems, etc.;

5.2.8.3 Household property (See point 7 of these Terms and Conditions regarding the insurance of household property).

- 5.3 Insurance of a part of a building covers in addition to the heating element also the fuel that is necessary for heating and is situated on the same property as the part of the building in the maximum value of 500 euro.

## **6. INSTALLATIONS AND SMALL BUILDINGS**

6.1 Installation is a structure, which is not a building or a part of a building. Installation includes e.g. the following: fence, exterior lighting settings, flagpole, barbeque house, shelter, pool.

6.2 A small building is a building with a construction area of up to 20 m<sup>2</sup>, which is located on the same property as the insured building, an half of the semi-detached house or a section of the terraced house.

6.3 Insurance of a house or a half of a semi-detached house or a section of a terraced house (hereinafter: the dwelling) covers all small buildings and terrestrial and underground installations belonging to that dwelling.

6.4 Installations and small buildings are insured against same hazards and with the same retention limit as the dwelling. The sum insured for installations and small buildings shall be up to EUR 15,000.

6.5 Installations and small buildings may also be mentioned separately in the insurance contract as insured objects; installations and small buildings that have been insured in such a way are no longer insured together with the dwelling.

6.6 Insurance of an apartment covers also an installation and/or a small building only if the installation and/or the small building is mentioned in the insurance contract as a separate object.

## 7. HOUSEHOLD PROPERTY

- 7.1 Household property shall include traditional movables in the house/apartment, e.g. furniture (except for built-in kitchen and bathroom furniture, which is already insured together with the building; see in point 4.4.3 of these Terms and Conditions), lighting fittings, household linen, clothes, footwear, sport equipment, kitchen and home appliances, tools, valuables, accessories that have been temporarily removed from a motor vehicle (roof box, roof racks, bicycle carrier, 2 sets of spare wheels and tires).
- 7.2 Jewels, valuables and works of art are covered up to the separate sum insured specified in the insurance contract.
- 7.3 Household property located on the same property as the insured building, but outside the dwelling (including in outbuildings) is insured to the maximum extent of 20% of the amount of the insured household property.
- 7.4 Insurance of household property shall not cover the following:
- 7.4.1 Mobile phones, unless it is agreed otherwise in the insurance contract;
- 7.4.2 Cash, securities or other documents, excluding driver's license, bank cards, passport and personal identification card (See point 12.8 of these Terms and Conditions regarding the indemnification for the issuance fee of documents);
- 7.4.3 Motor vehicles, aircraft and watercraft (including the drones) and parts thereof, excluding lawnmowers. Motor vehicles and watercraft are insured only if mentioned in the insurance contract as a separate object and if respective insurance conditions have been separately agreed upon;
- 7.4.4 Any items since the moment of installation in a motor vehicle, watercraft or aircraft;
- 7.4.5 Items covered under the insurance of building, part of the building and/or installation and small building, e.g. uninstalled construction materials, fuel necessary for heating, etc.;
- 7.4.6 Food, beverage, tobacco;
- 7.4.7 Live animals, birds, fish, and plants.

## 8. INSURED EVENT

Insured event shall mean a sudden and unforeseeable single event defined in the insurance contract, upon the occurrence of which the Insurer is obligated to pay insurance indemnity as provided by insurance terms and conditions.

## 9. CHOICE OF INSURANCE COVER

Policyholder can choose between Selected Risk insurance and All Risk insurance.

### 9.1 Selected Risk insurance

- 9.1.1 In case of Selected Risk insurance the Policyholder can choose the risks to be covered by insurance contract. The list of risks under Selected Risk insurance is provided in point 10 of these Terms and Conditions.
- 9.1.2 In case of Selected Risk insurance the risk shall be insured to the extent specified in the insurance contract.

- 9.1.3 Insurance shall cover the risks that have been specified in the insurance contract.

### 9.2 All Risk insurance

- 9.2.1 All Risk insurance shall cover all risks that are not mentioned in point 11 of these Terms and Conditions.
- 9.2.2 All Risk insurance provides cover against several risks, subject to contractual restrictions, and the coverage is wider than in case of Selected Risk insurance. All Risk insurance shall not mean that the insured object is insured against all risks without any restrictions.
- 9.2.3 All Risk insurance has been chosen only if specified in the insurance contract.

## 10. SELECTED RISK INSURANCE

The following risks may be covered in case of Selected Risk insurance: fire, pipe leak, flood, storm damage and criminal offence.

### 10.1 Fire

- 10.1.1 Fire shall mean any loss caused by fire spread outside the specific fireplace, including by smoke, grime and fire extinction actions.
- 10.1.2 If an insured object has been damaged or destroyed by a shockwave caused by an explosion of a boiler, tank or other pressure vessel, direct lightning strike or a crashing aircraft, this loss shall also be insured under the insured risk 'fire', even if such an event has not caused any direct burning process.

- 10.1.3 Insurance against the risk of fire shall also cover losses caused to the insured object by the falling of an object (e.g. a tree) that has been broken as a result of a lightning.

- 10.1.4 Insurance shall not cover losses caused by short-circuit, spikes or other power-related reasons, if this has not caused any burning process.

### 10.2 Pipe leak

- 10.2.1 Pipe leak shall mean a sudden leaking of water from the utility system that is servicing the house or from a device attached to this system.
- 10.2.2 Pipe leak insurance covers water damage, but does not compensate for expenses made for the repair and reinstatement of the utility system nor for expenses made for the identification of causes for loss. These risks can be covered by All Risk insurance.

*Example: If a water pipe situated in bathroom and installed into the wall is damaged and water ruins the bathroom floor, the pipe leak insurance covers expenses made for restoring the insured floor, but does not cover works necessary for repairing the damaged pipe.*

- 10.2.3 Insurance shall not cover the water damage caused by melting snow, rain or other natural flood, if the sewerage system servicing the house cannot manage the flood. This risk is covered under the insurance of the risk of flood or under All Risk insurance.

- 10.2.4 Insurance shall not cover losses caused by long-term processes, e.g. corrosion, decay, excessive humidity, fungus or other equivalent phenomena.

### 10.3 Flood

- 10.3.1 Flood shall mean surface water that has risen above the ground because of rain, melting snow or backwater

(including backwater caused by storm) and that enters the building through external structures and/or technical systems.

*Example: If the central sewerage system cannot manage the water pouring down due to heavy rain and the surface water that has risen above the ground enters the building through the sewerage system, the resulting loss is covered under the insurance against the risk of flood.*

10.3.2 Insurance shall not cover losses caused by the underground movement of water when entering the building through external structures or technical systems.

*Example: Losses caused by surface water entering the basement due to melting snow shall not be compensated.*

#### 10.4 Storm

10.4.1 Storm damage shall mean any loss caused by strong wind, hail or direct impact of an item (excluding ice, snow and water) carried or broken by wind. Strong wind shall be at least 18 m/s as measured by the nearest weather station. In case of any disagreements regarding the cause of damage, storm shall mean strong wind that has caused damage to various objects (buildings and trees in a good condition) in the vicinity of the place of insurance.

10.4.2 If the structure of a building has been damaged by storm and rain or water from melting snow entering the building because of that causes additional damage, this is also covered under the insurance against the risk of storm.

10.4.3 Insurance does not cover losses caused by the following:

10.4.3.1 Poor condition of a building;

10.4.3.2 Weight or movement of ice or snow;

10.4.3.3 Loss of power supply due to storm.

#### 10.5 Criminal offence

10.5.1 Criminal offence shall mean theft of an insured object, if the theft is performed by destroying, breaking in or dismantling a hurdle or a fastening.

10.5.2 Criminal offence shall also include the following:

10.5.2.1 Vandalism where an insured object is deliberately damaged or destroyed by third persons;

10.5.2.2 Deprivation of property through a violent act or by directly threatening with violence.

### 11. ALL RISK INSURANCE

All Risk insurance does not cover the following:

11.1 Losses caused by sinking, rising or shifting of a building and/or parts of a building;

11.2 Losses caused by excessive weight of ice or snow;

11.3 Losses caused by precipitation (snow, ice, rain) entering the building through external structures (including walls, roof, windows, doors, floor);

*Example: Losses caused by precipitation penetrating through wall panelling's seams of a house are not indemnified.*

11.4 Losses caused by the low quality of construction or repair works;

11.4.1 If the low-quality construction or repair works cause damage to flawless parts of a building, insurance shall compensate this part of the loss, provided that the low-quality work that caused the loss is rectified beforehand.

Provisions of this point shall not be applied if the low-quality construction or repair works cause the loss mentioned in points 11.1–11.3.

*Example: An under-floor heating pipe that was incorrectly installed during the construction ruptures and causes water damage. This water damage shall be compensated after the ruptured pipe is repaired or replaced. The cost of repairing or replacing the under-floor heating pipe that was incorrectly installed shall not be compensated.*

11.5 Losses caused due to using low-quality or unsuitable materials;

11.5.1 If low-quality or unsuitable materials cause damage to flawless parts of a building, insurance shall compensate this part of the loss, provided that materials that caused the damage are replaced or repaired beforehand. Provisions of this point shall not be applied if the usage of low-quality or unsuitable materials causes the loss mentioned in points 11.1–11.3.

*Example: Losses caused by the peeling paint are not compensated, if the peeling was caused because of unsuitable exterior paint.*

11.6 Losses due to design error;

11.7 Losses caused by vibration, except when vibration causes a collapse in the building and makes the building uninhabitable;

*Example: Excavation and pile-driving works on the neighbouring property cause fissures in outer walls of the building. Insurance does not cover such a loss.*

11.8 Losses caused by long-term processes (e.g. corrosion, decay, excessive humidity, fungus or other equivalent phenomena);

11.9 Losses caused by wear and tear;

11.10 Smaller damages, e.g. scratches, paint variations, smudges, tear and other such damage that does not hinder the use of an object. In assessing whether a damage is a smaller damage, the considerations include inter alia whether the damaged object has had earlier similar damages that have not so far hindered the use of the object for intended purposes;

*Example: A floor that has previously been grazed suffers a fresh grazing. Insurance does not cover such a loss.*

11.11 Upkeep and maintenance costs;

11.12 Losses due to damaging the sport equipment during the use;

*Example: Losses caused by riding a bicycle and falling with it is not subject to indemnification.*

11.13 Loss of an object (e.g. forgetfulness, loss), with the exception of theft and robbery. This exception shall not be applied for the replacement cost of a lock and for the issuance cost of a document (See points 12.7 and 12.8 of these Terms and Conditions regarding the additional insurance covers);

11.14 Losses that shall be compensated under a guarantee or any other contract;

11.15 Embezzlement of the insured object by fraudulent conduct of or extortion by third persons;

11.16 Expropriation and legitimate demolition;



- 11.17 Losses caused by ridged ice. Ridged ice shall mean a pile of crushed ice that forms due to the movement of ice covering a water body;
- 11.18 Losses caused when an insured object is damaged or destroyed due to the activities of animals, rodents, insects, pests or birds;
- 11.19 Losses caused by the underground movement of water when entering the building through external structures or technical systems;
- 11.20 Disposal costs of improper odour that has been caused by any events, if the insured object has no other damage;
- 11.21 Damages caused to household property of over four years of age, including to integrated appliances (See in point 4.4.3), by internal electrical or mechanical malfunctions or disturbances of an insured object;

*Example: A washing machine that is more than 4 years old needs to be repaired because of internal break-up during normal operation. Insurance does not cover such a loss.*

- 11.22 Damage to a laptop or tablet that is more than four years old.

## **12. ADDITIONAL INSURANCE COVER**

Additional insurance covers mentioned in points 12.1 to 12.8 shall only be valid if specified separately in the insurance contract.

### **12.1 Rental cost of replacement housing**

- 12.1.1 If an insured building or a part of a building becomes inhabitable due to the occurrence of insured event, the insurance shall cover the rental cost of a similar replacement housing and expenses necessary for relocation.
- 12.1.2 Rental cost of replacement housing shall be compensated until the reinstatement of the insured building or the part of the building, but for no longer than 24 months of the occurrence of loss and for no more than the sum insured specified in the insurance contract for the rental cost of replacement housing. Subsistence expenses shall be compensated even if the period of insurance has ended after the occurrence of insured event.
- 12.1.3 Insurance shall not cover expenses that Policyholder should have made irrespective of the loss occurred, e.g. expenses made for utilities, power supply, communication. Expenses made for finding the housing, including any commission, brokerage or consultation fees, shall not be compensated.

### **12.2 Loss of rental income**

- 12.2.1 If an insured building or a part of a building becomes inhabitable due to the occurrence of insured event, the insurance shall cover the loss of rental income.
- 12.2.2 Rental income shall be compensated until the reinstatement of the insured building or the part of the building, but for no longer than 24 months of the occurrence of loss and for no more than the sum insured specified in the insurance contract for the loss of rental income.
- 12.2.3 Calculation of the amount of lost rental income shall be based on the rent provided by the lease contract that was valid immediately before the occurrence of insured event, provided that this equals to the average

reasonable rent for similar rental spaces. Policyholder must provide evidences on the amount of rent, by submitting to the Insurer the lease contract, a bank statement and/or a receipt of the payment of rent. If the rent amount provided by the lease contract is not equal to the average reasonable rent, the calculation of the amount of rental income shall be based on the assessment of an independent real estate brokerage company or another expert.

- 12.2.4 The following shall not be compensated: expenses made for utilities, power supply and communication, fines for delay, contractual penalties, any loan payments, and statutory taxes to be paid by the Policyholder in respect of rental income.

### **12.3 Household property - new property for the old one**

The compensation of household property shall be based on the price of a similar new object (See point 14.8.3 of these Terms and Conditions on the cover option "household property - new property for the old one").

### **12.4 Insurance of household property outside the place of insurance**

- 12.4.1 Insurance cover shall be valid worldwide outside the place of insurance up to the sum insured of household property that is insured outside the place of insurance (See point 15.7 under the Safety Requirements of these Terms and Conditions regarding the keeping of household property).
- 12.4.2 Insurance shall cover household property that normally accompanies the insured person and his or her family members living at the place of insurance together with the insured person.
- 12.4.3 Clothes, tools, valuables, jewelry and watches are not insured outside the place of insurance.

### **12.5 Insurance of household property kept in a storeroom**

Household property shall also be covered in a storeroom that is located in an apartment house and belongs to the apartment (e.g. a cellar unit), up to the sum insured specified in the insurance contract for household property that is kept in a storeroom.

### **12.6 Insurance cover for mobile phones**

- 12.6.1 Insured objects shall be mobile phones and the respective household property insurance cover agreed upon in the insurance contract shall be globally valid both in and outside the place of insurance.
- 12.6.2 Mobile phones shall not be covered by the additional insurance cover "Household property - new property for the old one" (See point 14.7 of these Terms and Conditions regarding the indemnification of losses in respect of mobile phones).
- 12.6.3 A theft shall not be considered an insured event.

### **12.7 Lock replacement cost in case of lost keys**

- 12.7.1 If a front/back door key of a building or a part of a building has been lost, the replacement of the lock or lock mechanism with a similar lock or lock mechanism or the cost of recoding the lock shall be compensated within the amount specified in the insurance contract.
- 12.7.2 Lock replacement cost shall be compensated if the household property is covered by All Risk insurance (See

points 9.2 and 11 of these Terms and Conditions regarding All Risk insurance).

### 12.8 Document issuance fee

If Policyholder has covered the household property with All Risk insurance (See points 9.2 and 11 of these Terms and Conditions regarding All Risk insurance), then in case the wallet of a person permanently residing in the place of insurance has been stolen, lost or otherwise suddenly and unexpectedly destroyed, the Insurer shall compensate the fee for issuing a new document (bank card, driver's license, passport, personal identification card).

## 13. DEDUCTIBLE

- 13.1 Deductible (retention limit) shall mean the amount of money or another value specified in the insurance contract that is subtracted from the Insurer's performance obligation.
- 13.2 Insurer shall not compensate the loss that remains within the extent of deductible (i.e. under the retention limit) specified in the insurance contract.
- 13.3 If the insured event causes damages to insured objects with different deductibles, only the highest deductible shall be taken into account.
- 13.4 Deductible shall not be applied in the following cases:
  - 13.4.1 The compensation of door and/or window glasses of the insured building or part of the building that was damaged due to the occurrence of insured event;
  - 13.4.2 If the alarm system forwarded the alarm signal to the authorized security company in case of fire, pipe leak or breaking-in;
  - 13.4.3 The compensation of lock replacement cost in case of lost keys (See point 12.7 of these Terms and Conditions regarding the compensation of lock replacement cost);
  - 13.4.4 The compensation of document issuance fee (See point 12.8 of these Terms and Conditions regarding the compensation of document issuance fee).

## 14. INDEMNIFICATION

- 14.1 Damage caused to the insured object shall be indemnified for the purpose of compensating the reasonable cost of repair, reinstatement or replacement that was necessary for restoring roughly the situation as it was prior to the occurrence of insured event. In addition, rental cost of replacement housing or loss of rental income caused by the occurrence of insured event shall also be compensated if mentioned accordingly in the insurance contract.
- 14.2 Insurer shall compensate the loss caused by the occurrence of insured event within 14 days at the latest of the moment when he became aware of the cause and extent of loss, method of indemnification as well as the receiver of indemnification, and the beneficiary has given her/his consent if such a person has been named in the insurance contract.
- 14.3 Insurer shall forward his decision to diminish or refuse the indemnification to Policyholder within 14 days after the submission of all required evidence, documents and applications.

## 14.4 Core definitions

- 14.4.1 Structure is a building, a part of a building, an half of a semi-detached house, an installation, a small building and interior decoration of an apartment.
- 14.4.2 Insurable value of a structure shall mean the reinstatement value less depreciation.
- 14.4.3 Reinstatement value shall be the amount of expenses necessary for the reinstatement of the similar structure in its initial form and quality (including the cost of demolition and debris removal).
- 14.4.4 Depreciation shall mean a reasonable amount that reflects the condition of the structure, especially its age and amortization, and can be expressed as a percentage of its reinstatement cost. Relevant experts shall be used, if it is necessary to determine the depreciation of a structure. Each party to the contract may use its own experts and shall pay for commissioned services.
- 14.4.5 Sum insured shall mean the amount of money that is specified in the insurance contract and is the maximum amount of payment to be made by Insurer during the period of insurance.
- 14.4.6 Underinsurance shall mean that the sum insured is lower than the value of insured object. Insurer shall not take the clauses on possible underinsurance into account when compensating for the loss and any loss shall be compensated up to the sum insured.

## 14.5 Compensation for losses caused to a structure

- 14.5.1 In case of an insured event related to a structure, Insurer shall compensate the loss within the extent of the insurable value of structure. If a sum insured has been provided by the insurance contract, then in case of an insured event related to a structure the Insurer shall compensate the loss within the extent of the insurable value of structure, but no more than the sum insured stated in the insurance contract.
- 14.5.2 In case of partial damage to a structure, Policyholder shall not be entitled to claim the compensation for the whole structure.

*Example: half of the roof of the house is damaged as a result of a storm, the other half is not damaged. The owner decides that s/he also wants to replace the undamaged half. Only the damaged half is subject to indemnification, the replacement of the part of the roof that has not been affected by the insured event is financed by the owner.*

- 14.5.3 If depreciation of a building is less than 40% and Policyholder shows its interest towards restoring the destroyed or damaged building and organizes restoration works of the building on the same site in 2 years after the occurrence of loss at the latest, Insurer shall compensate besides the insurable value also the depreciation.
- 14.5.4 If depreciation of a building is 40% or more, Insurer shall compensate the reinstatement or repair cost less depreciation.
- 14.5.5 In addition to property losses caused by the occurrence of insured event, the Insurer shall compensate also reasonable expenses, even if unsuccessful, made for the prevention or mitigation of losses during the occurrence of insured event (excluding salvation costs that shall be compensated by the state and local authorities).

14.5.6 In addition to the property damage caused as a result of the insured event, justified expenses for the restoration of landscaping are indemnified in the amount of up to EUR 1,000 per case.

**14.6 Compensation of losses caused to a heat pump and boiler that service a building**

14.6.1 Heat pump and/or boiler servicing a building shall mean an installation that transfers heat energy from one point to another (in a room). In case of a heat pump and/or boiler servicing a building and its parts (e.g. geothermal circuit, burner) that are up to 4 years old, a selling price of a similar new item shall be compensated. Compensation paid for heat pumps, boilers and their spare parts shall be reduced on the basis of the table below:

Age of the heat pump or boiler	Depreciation of heat pump or boiler from the selling price of a similar new item
0–4 years	0%
5–10 years	50%
11 years and older	75%

14.6.2 Age of a heat pump and a boiler shall be calculated from the date of installation. If the date of installation is not known, the calculation shall be based on the date of manufacture.

**14.7 Compensation for losses in respect of mobile phones**

14.7.1 In case of mobile phones that are newer than 4 months, the selling price of a similar new phone shall be compensated. In case of mobile phones the following depreciation table shall be applied:

Age of mobile phone	Depreciation of mobile phone from the selling price of a similar new phone at the time of loss
1–4 months	0%
5–10 months	20%
11–15 months	45%
16 months and more	70%

14.7.2 Age of a mobile phone shall be calculated from the date of purchase. If the date of purchase is not known, the calculation shall be based on the date of manufacture.

14.7.3 When compensating several mobile phones, the indemnification for each phone shall be diminished by the deductible specified in the policy in respect of mobile phones, even if these mobile phones were damaged during the same event.

**14.8 Compensation for losses caused to household property**

14.8.1 If the damaged household property can be repaired and reparation is economically justified, the repair cost shall be compensated. If household property is repaired, depreciation shall not be calculated for spare parts.

14.8.2 If the damaged household property cannot be repaired or reparation is not economically justified, monetary compensation shall be paid. Where monetary compensation is paid, it shall be equal to the selling price of a similar new object in case of objects that are not older than 2 years. In case of older objects, the insurable value shall be equal to the market value, i.e. the price of a similar used object shall be compensated.

14.8.3 If insurance contract includes the condition „household property – new property for the old one“ and it is not possible to repair the household property (that is up to 4 years old) that was damaged due to the occurrence of insured event or reparation is not economically justified, the Insurer shall compensate the selling price of a similar new object.

14.8.4 Insurable value of jewels, valuables, works of art, antiques, motor vehicles, aircraft and watercraft and their parts shall always be equal to their market value.

**15. SAFETY REQUIREMENTS AND PRUDENT CONDUCT**

15.1 Besides requirements and recommendations listed in points 15.3-15.7, general safety requirements stated in General Terms and Conditions of Insurance of Salva Kindlustuse AS that are inherent to the contract shall be applied.

15.2 If Policyholder violates a safety requirement stated in the Terms and Conditions of Insurance, increasing thus the occurrence risk of insured event or the level of loss, the Insurer shall be entitled to decrease its contractual obligation to pay the insurance indemnity up to 50%, depending on the gravity of infringement.

**15.3 Fire safety**

15.3.1 Switched-on heat blowers, heated fireboxes, burning candles or other sources of fire shall not be left unsupervised.

15.3.2 It shall be forbidden to use an open fire for purposes not intended, e.g. for melting a frozen water pipe.

15.3.3 Safety precautions shall be taken when performing hot works or fire-risk works, in order to avoid the ignition of property during or after the performance of such work.

15.3.4 Rubbish and waste may only be burnt in a prescribed place and time.

15.3.5 It shall be forbidden to burn old grass or reed.

15.3.6 It shall be forbidden to smoke in bed.

15.3.7 Fireplaces, chimneys and connecting flues shall be cleaned in accordance with the applicable legislation.

**15.4 Safety of construction or repair work**

15.4.1 Electrical works (repair, reconstruction, inspection, testing and maintenance of electrical appliance; design, verification, testing, repair, maintenance and construction of electrical equipment, including the installation of electrical equipment) may only be performed in accordance with legislation on electrical safety.

15.4.2 If a chimney for a fireplace is designed or constructed, minimum distance requirements foreseen between

combustible materials and chimneys shall be met. Only certified metal chimneys and fireplaces may be used.

#### **15.5 Utility systems**

- 15.5.1 If a building or a part of a building is not used and heated in winter, all utility systems filled with freezing liquids shall be emptied.
- 15.5.2 If heating is switched on in winter in a building or in a part of a building, the power of the heating appliance shall be controlled in such a way that a sudden below-average temperature would not cause any freezing damage.

#### **15.6 Rooms, doors, windows, locks, keys, alarm system**

- 15.6.1 All windows and doors shall be closed and locked when leaving home. If the key is lost, the front door lock or lock core must be replaced as soon as possible.
- 15.6.2 In case of an alarm system, the system shall be activated. If an alarm system has been installed to a building or an apartment, an expert shall service it at least once a year in order to guarantee its operating reliability.

#### **15.7 Keeping of household property**

- 15.7.1 Household property shall be kept in such a way that any third person has no free or simplified access to it. E.g. household property shall not be left in front of an apartment house or into a public hallway; also, it is not appropriate to keep the household property on ground-floor balconies.
- 15.7.2 Property shall not be left outside the building when leaving the house or for the night. E.g. bicycles, prams, lawnmowers (except auto-mowers) should be kept in a locked room. As an exception, any garden furniture, trampoline and outdoor barbecue may be permanently kept in the yard.
- 15.7.3 A trampoline kept in the yard must be anchored to the ground.
- 15.7.4 Household property shall not be left in a vehicle to be seen. E.g. laptop shall be kept in a place where it is invisible (e.g. trunk, glove box).
- 15.7.5 If household property is temporarily kept outside the place of insurance, it shall be locked or under direct supervision.