

GENERAL TERMS AND CONDITIONS FOR CORPORATE PROPERTY INSURANCE

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1. CONCLUSION OF INSURANCE CONTRACT

- 1.1. Insurer shall issue an insurance policy, based on data received from Policyholder. Insurance contract shall be considered as concluded if Policyholder pays the insurance premium in time. Insurance cover is effective from the beginning of insurance period under the conditions specified by insurance policy, even if the insurance premium has not been yet paid because of a later payment deadline.
- 1.2. If Policyholder fails to pay the first insurance premium in due time, 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 is no insurance cover.
- 1.3. Insurer shall make the proposal to conclude an insurance contract, based on data received from Policyholder or the representative of Policyholder. Policyholder shall immediately inform the Insurer if the data, which was presented by Policyholder or the representative of Policyholder and formed the basis for concluding the contract, is incorrect.

2. STANDARD CONDITIONS OF INSURANCE CONTRACT

- 2.1. In case of corporate property insurance contracts the following standard policy conditions of Salva

Kindlustuse AS shall be applied:

General Terms and Conditions KÜ-03;
 General Terms and Conditions for Corporate Property Insurance EVT-12.03.

3. PLACE OF INSURANCE

- 3.1. Place of insurance shall be the place specified by insurance contract. Insurance contract shall cover only the insured event that has occurred in the place of insurance.
- 3.2. Insurance contract shall cover goods, inventory and equipment only if they are situated within the building, unless otherwise stated in insurance policy.

4. INSURED ITEM

- 4.1. Insured item shall include the construction works, goods and/or inventory and equipment (excluding goods) mentioned in insurance policy.
 - 4.1.1. Construction works shall include the following:
 - 4.1.1.1. Building;
 - 4.1.1.2. Part of a building;
 - 4.1.1.3. Part of a building, co-owned by apartment owners (hereinafter: building envelope);
 - 4.1.1.4. Structure.
 - 4.1.2. See points 5-8 of these Terms and Conditions for additional information on insured item.
- 4.2. Insurance shall cover only the item explicitly stated in insurance policy.

Sample: Insurance policy mentions the following objects as insured items: building the store; goods clothing, footwear; inventory and equipment (excluding the goods). In this case the insurance contract covers the building of the store, goods (clothing and footwear) located in the building of the store, as well as all inventory and equipment that are located in the store and are owned by Policyholder or are under Policyholder's responsibility.

5. BUILDING

- 5.1. Building shall be a structure with basement, walls, roof and interior, established on the ground.
- 5.2. Insurance of a building shall cover all existing essential parts of the building that service the building. Essential parts of a building shall e.g. include the following: the supporting structure permanently installed on the ground; internal walls; thermal insulation and finishing elements; technical systems, which are situated inside or outside of the building within the boundaries of the plot and service the whole building. Technical systems include e.g. the following: water supply, heating, sewerage, ventilation, climate, fire safety and security systems, elevators, escalators and parts thereof, communication wiring installed on the ground, lighting installations, TV and radio antennas, excluding antenna systems for mobile communication and other communication equipment that service a broader area.
- 5.3. If technical systems that are mentioned in point 5.2 service also other buildings situated on the same plot, then the systems that concurrently service several buildings shall be insured proportionally to the total area of each building that is situated on the same plot.
- 5.4. Insurance of a building shall cover also the following structures that are situated on the same plot and service the building: fence, barrier, gate, waste disposal facility

(including the waste disposal house), external lighting systems, and flagpole. Other structures, e.g. shelter, tank, silage tower, shall be insured as separate items. See point 8 of these Terms and Conditions for additional information on insuring a structure.

- 5.5. If structures to be insured together with a building, as mentioned in point 5.4, service also other buildings situated on the same plot, then the structures that concurrently service several buildings shall be insured proportionally to the total area of each building that is situated on the same plot.
- 5.6. Insurance of a building shall not cover the following:
 - 5.6.1. Servicing technical systems that are situated in a separate building on the same plot, e.g. equipment located in a boiler-house or power substation. Such equipment shall be insured together with inventory and equipment (See point 13 of these Terms and Conditions for insuring inventory and equipment);
 - 5.6.2. Items mentioned in point 9 of these Terms and Conditions.
- 5.7. Attached buildings shall be insured as a single insured item; separate buildings shall be insured separately.

6. PART OF A BUILDING

- 6.1. Insurance of a part of a building shall cover finishing elements permanently installed, windows, doors and non-bearing internal walls of an office, store, warehouse or other room that can be actually delimited and is explicitly mentioned on insurance policy. Insurance shall also cover technical, security, communication and lighting systems that service only this room.
- 6.2. Insurance of a part of a building shall not cover the following:
 - 6.2.1. Load-bearing structures, internal ceilings, roof and other parts of the building that are not situated in the insured room, except technical equipment that service only the insured room, e.g. the part of a heating or cooling equipment that is fixed to the external wall of the building;
 - 6.2.2. Items mentioned in point 9 of these Terms and Conditions.

7. BUILDING ENVELOPE - COMMON OWNERSHIP OF APARTMENT OWNERS

- 7.1. Insurance of a building envelope shall cover the legal share of the building that is the object of apartment ownership and is under common ownership of apartment owners. Such shares of a building shall include: load-bearing structures, external surfaces (external walls, roof, external doors, external windows, balconies, insulation and finishing materials), technical systems situated inside or outside of the building within the boundaries of the plot, which serve the whole building. Technical systems include e.g. the following: water supply, heating, sewerage, ventilation, climate, fire safety and security systems, elevators, escalators and parts thereof, communication wiring installed on the ground, lighting installations, TV and radio antennas, excluding antenna systems for mobile communication and other communication equipment that service a broader area.
- 7.2. If technical systems that are mentioned in point 7.1 also service other buildings situated on the same plot, then the systems that concurrently service several buildings shall be insured proportionally to the total area of each building that is situated on the same plot.
- 7.3. Insurance of a building envelope shall cover also the following structures that are situated on the same plot and service the building envelope: fence, barrier, gate, waste disposal facility (including the waste disposal house), external lighting systems, and flagpole. Other structures, e.g. shelter or children playground, shall be insured as separate items. See point 8 of these Terms and Conditions

for additional information on insuring a structure.

- 7.4. If structures to be insured together with a building envelope, as mentioned in point 7.3, service also other buildings situated on the same plot, then the structures that concurrently service several buildings shall be insured proportionally to the total area of each building that is situated on the same plot.
- 7.5. Insurance of a building envelope shall not cover the following:
 - 7.5.1. Physical share that is the object of apartment ownership, e.g. non-bearing internal walls, doors, technical equipment, inner decoration and other parts of the building that are situated within the boundaries of an apartment or a commercial area and service only these rooms;
 - 7.5.2. Servicing technical systems that are situated in a separate building on the same plot, e.g. equipment located in a boiler-house or power substation. Such equipment shall be insured together with inventory and equipment (See point 13 of these Terms and Conditions for insuring inventory and equipment);
 - 7.5.3. Items mentioned in point 9 of these Terms and Conditions.

8. STRUCTURE

- 8.1. Insurance of a structure shall cover a construction work that has been permanently installed on the ground, but is not a building, e.g. tank, shelter, silage tower, slurry pit, and also the road constructed on the plot. Insurance shall cover the structure that is explicitly mentioned in insurance policy.
- 8.2. Insurance of a structure shall not include hydraulic structures, e.g. berth, jetty, and sluice, unless otherwise stated in insurance policy.
- 8.3. Insurance of a structure shall not include items mentioned in point 9 of these Terms and Conditions.

9. ITEMS OR OTHER PROPERTY NOT INSURED TOGETHER WITH THE BUILDING

- 9.1. Insurance of a building, part of a building, building envelope or structure shall not cover the following:
 - 9.1.1. Inventory and equipment designed for manufacturing operations or other commercial activities and not meant for servicing the building, e.g. adverts, manufacturing and medical equipment, equipment of a power substation, equipment of a pumping station, equipment of a boiler-house, freezing and/or cooling equipment of a cold storage plant as well as fluid or gas in the equipment, fuel (incl. fuel for heating the building), farm equipment, pool equipment, servers, telephone switchboards, routers, WIFI systems, furniture, etc. Inventory and equipment shall be insured as separate items. See point 13 of these Terms and Conditions for insuring inventory and equipment;
 - 9.1.2. Goods, e.g. fuel, corn kept in granary, construction materials kept in warehouse;
 - 9.1.3. Construction materials or other parts of a building that are not permanently installed, e.g. construction materials that are situated in the building pending to installation or have been dismantled and/or equipment servicing the building;
 - 9.1.4. Ground, living organisms, well (including driven well), well water, pool water.

10. INSURANCE VALUE OF A BUILDING

- 10.1. Insurance value of a building shall mean the sum of expenditure necessary for the reinstatement of an equivalent building in its initial form and quality, less depreciation.
- 10.2. Depreciation shall mean a reasonable amount that reflects

the state of the building, especially its age and amortization.

10.3. Insurance value of a building shall not include the following:

10.3.1. Equipment and other property that are not covered by the insurance of the building;

10.3.2. Additional costs mentioned in point 11.1.2 of these Terms and Conditions.

11. SUM INSURED OF A BUILDING

11.1. Sum insured of a building shall be determined by Policyholder, considering the following:

11.1.1. Sum insured of a building shall be determined on the basis of its insurance value. Insurance value of a building shall mean the sum of expenditure necessary for the reinstatement of the building in its initial form and quality;

11.1.2. Sum insured of a building shall include potential additional costs that may incur during the reinstatement: demolition and clearing costs, design costs, state fee. The maximum amount of these costs shall be 10% of the sum insured of a building, however not exceeding 100,000 euro.

12. OVER/UNDERINSURANCE OF A BUILDING

12.1. Overinsurance

Insurance cover shall be regarded as overinsurance, if the sum insured of a building exceeds the insurance value.

12.2. Underinsurance

12.2.1. Insurance cover shall be regarded as underinsurance, if the sum insured of a building is less than its insurance value. In case of underinsurance, Insurer shall pay the partial indemnification according to the proportion between insurance value and sum insured.

12.2.2. Insurer shall disregard the underinsurance, if the difference between the sum insured and the insurance value is less than 20%.

13. INVENTORY AND EQUIPMENT

13.1. Inventory and equipment shall mean property that is meant for business activities and has a proof of origin, e.g. generating installation (incl. gas, lubricant or fuel necessary for the functioning of installation), spare parts of the generating installation, furniture, office equipment, interior fittings of a store (freezers, counters, cash registers), samples of goods, publicity materials, advertisement boards.

13.2. Inventory and equipment shall include third party's property that is held by Policyholder or Insured for maintenance, repair or reconstruction or is deposited into storage with liability pursuant to a deposit contract or other civil law contract in a written form.

13.3. Inventory and equipment shall be insured in whole according to points 13.1 and 13.2, unless partial insurance of inventory and equipment has been provided by insurance policy.

13.4. If inventory and equipment are partially insured, the insurance contract shall include the list of inventory and equipment. In case the list is included, the insurance shall cover only the items mentioned in the list.

13.5. Inventory and equipment shall be covered by insurance only if located in the building, unless otherwise stated in insurance policy.

13.6. Insurance of inventory and equipment shall not cover the following:

13.6.1. Building;

13.6.2. Goods;

13.6.3. Equipment or property that is meant for servicing the construction works, e.g. alarm system or cooling equipment;

13.6.4. Motor vehicles, data, non-standardised software, drawings or projects, unless otherwise stated in insurance policy.

14. GOODS

14.1. Goods shall mean property that is owed by Policyholder or Insured and has been acquired and/or manufactured by Policyholder or Insured for disposal. Insurance of goods shall cover raw material, prepared products and finished goods.

14.2. Insurance of goods shall cover only the goods mentioned in insurance policy.

14.3. Goods shall be covered by insurance only if located in the building, unless otherwise stated in insurance policy.

15. GOODS TO BE INSURED UNDER A SPECIAL AGREEMENT

15.1. The following goods shall be covered by insurance under a special agreement:

15.1.1. Antiques, precious stones, precious metals, and jewellery made of precious stones and/or precious metals;

15.1.2. Living organisms: plants, animals, birds, fish, fungus;

15.1.3. Cash, documents, manuscripts, archives, drawings, projects, non-standardised software, data.

15.2. Any special agreement for insuring the specific goods shall be explicitly stated in insurance policy.

16. INSURANCE VALUE OF GOODS, INVENTORY AND EQUIPMENT

16.1. Insurance value of goods, inventory and equipment shall mean the value of an equivalent item in the place of insurance immediately before the occurrence of insured event.

16.2. Equivalent item shall include any object, the age, technical and other parameters/properties and lifespan of which are the same as or similar to those of the insured item.

16.3. Insurance value of goods, inventory and equipment shall include potential non-returnable taxes and state fees as well as reasonable transport costs (if necessary).

17. SUM INSURED OF GOODS, INVENTORY AND EQUIPMENT

17.1. Sum insured of goods, inventory and equipment shall be determined by Policyholder, considering the following:

17.1.1. Sum insured shall be equal to the insurance value for the whole period of insurance. If the value of goods and/or inventory and equipment has increased during the period of insurance, the sum insured shall be increased in order to avoid the underinsurance;

17.1.2. Sum insured shall include potential non-returnable taxes and state fees as well as reasonable transport costs (if necessary).

18. GOODS, INVENTORY AND EQUIPMENT ACQUIRED IN THE INSURANCE PERIOD

18.1. If any goods and/or inventory and equipment are acquired during the period of insurance, they shall be covered within the amount of sum insured, considering any possible underinsurance.

18.2. If inventory and equipment are insured on the basis of a list, the cover shall not include the inventory and equipment acquired during the period of insurance, unless the insurance contract is accordingly amended.

19. OVER/UNDERINSURANCE OF GOODS, INVENTORY AND EQUIPMENT

19.1. Overinsurance

Insurance cover shall be regarded as overinsurance, if the sum insured exceeds the insurance value of the respective item stated in insurance policy.

19.2. Underinsurance

19.2.1. Insurance cover shall be regarded as underinsurance, if the sum insured is less than the insurance value of the respective item stated in insurance policy. In case of underinsurance, Insurer shall pay the partial indemnification according to the proportion between insurance value and sum insured.

19.2.2. Insurer shall disregard the underinsurance of goods, inventory and equipment, if the difference between the sum insured and the insurance value is less than 10%.

20. INSURED EVENT

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

21. CHOICE OF INSURANCE COVER

21.1. Policyholder can choose between the cover of selected risk insurance, extended insurance and equipment breakdown insurance.

21.1.1. In case of selected risk insurance, the insurance shall cover the risk after which there is the word "yes" written on the insurance policy in respect of the relevant insurable interest. See point 22 of these Terms and Conditions for the selected risk insurance.

21.1.2. Insurance cover can be extended beyond selected risks by choosing the extended insurance or the equipment breakdown insurance.

21.1.2.1. Extended insurance shall provide coverage against several unexpected and unforeseeable losses, subject to limitations stated in insurance contract. Extended insurance shall not cover the risks that are insured under the selected risk insurance. See point 23 of these Terms and Conditions for the extended insurance.

21.1.2.2. Equipment breakdown insurance can provide coverage against the internal breakdown of equipment or the direct loss caused by internal breakdown of equipment. See point 24 of these Terms and Conditions for the equipment breakdown insurance.

22. SELECTED RISK INSURANCE

22.1. Fire

22.1.1. Fire shall mean any loss caused by fire spread outside the specific firebox, as well as smoke, grime and fire extinction actions.

22.1.2. If the insured item has been damaged or destroyed by a shockwave caused by an explosion of a boiler, tank or other pressure vessel or by items thrown around because of the shockwave, or direct lightning strike or falling down of an aircraft, this loss shall also be insured under the insured risk 'fire', irrespective of whether the direct burning process was caused or not.

22.1.3. Insurance shall not cover the loss caused by internal fire, excessive burning temperature or explosion of a boiler, tank or other pressure vessel, if the loss occurs only inside the equipment. This loss can be covered by equipment breakdown insurance.

22.1.4. Insurance shall not cover the loss caused by short-circuit, overcharge or other power-related reasons, if this has not

caused any burning process. This loss can be covered by extended insurance.

22.1.5. Insurance shall not cover the loss defined in general exclusions. See point 25 of these Terms and Conditions for general exclusions.

22.2. Pipe leak

22.2.1. Pipe leak shall mean the loss caused by an unexpected and unforeseeable leaking of liquid or gas from technical equipment, generating installations or tanks and the subsequent adverse impact on the insured item.

22.2.2. Pipe leak insurance shall not compensate for the following: the cost of liquid or gas, repair of technical equipment that caused the loss, expenses incurred for the liquidation of freezing or obstruction, internal breakdown of equipment and subsequent losses caused by the loss of liquid. The repair costs of the servicing technical equipment can be covered by extended insurance, and the repair costs of generating installations can be covered by equipment breakdown insurance.

22.2.3. Insurance shall not cover water damage caused by melting snow, rain or other natural flood. Also, it shall not cover the water damage that is caused if water enters the building from the underground sewerage system due to reasons stated above.

Sample: Sewerage system cannot cope with excess water, the valve that prevents the entrance of excess water fails or the storm water pump cannot cope with the excess water and water enters the building. This risk can be covered under the flood risk.

22.2.4. Insurance shall not cover the loss defined in general exclusions. See point 25 of these Terms and Conditions for general exclusions.

22.3. Storm (wind speed at least 21 m/s)

22.3.1. Storm damage shall mean any loss caused by strong wind, hail, an item (excluding snow, ice and water) carried by wind, or direct impact of a tree or pole falling down due to wind. Strong wind shall be at least 21 m/s as measured by the closest weather station. In case of disputes over the cause of loss, the storm is considered to be the wind that concurrently damaged the objects (building and trees that were in good state) that were situated near the place of insurance.

22.3.2. Insurance shall cover the water loss caused by storm precipitation entering the building, the external structures of which were damaged by the storm.

22.3.3. Insurance shall not cover the following:

22.3.3.1. Loss caused due to the poor state of a building;

22.3.3.2. Loss caused by the weight or movement of ice or snow.

22.3.4. Insurance shall not cover the loss defined in general exclusions. See point 25 of these Terms and Conditions for general exclusions.

22.4. Flood

22.4.1. Flood shall mean water damage caused by rain, melting snow or backwater (including backwater caused by storm). Flood shall also include damage caused by water that enters the building through the sewerage system due to reasons stated above.

22.4.2. Insurance shall not cover the loss caused by the underground movement of water.

22.4.3. Insurance shall not cover the loss defined in general exclusions. See point 25 of these Terms and Conditions for general exclusions.

22.5. Burglary, robbery and vandalism

22.5.1. Burglary shall mean the theft of an insured item, if any barrier or fastener is damaged, opened by force or dismantled during such action.

- 22.5.1.1. Insurance of precious objects shall cover the theft from the showcase or safe-deposit box during business hours only if the insurance policy includes the relevant special agreement.
- 22.5.2. Robbery shall mean the deprivation of the insured item, if deprivation has been committed through using or directly threatening to use violence.
- 22.5.3. Vandalism shall mean intentional violation, thrashing or destruction caused by a third person.
- 22.5.4. Insurance shall not cover the loss defined in general exclusions. See point 25 of these Terms and Conditions for general exclusions.

23. EXTENDED INSURANCE

- 23.1. Extended insurance shall cover any loss or expense that is caused by a single unexpected and unforeseeable event and is not excluded pursuant to insurance contract.
- 23.2. Extended insurance shall not cover the following:
 - 23.2.1. Insurance risks of selected risk insurance: fire, pipe leak, storm, flood, burglary, robbery and vandalism according to points 22.1-22.5 of these Terms and Conditions;
 - 23.2.2. Loss caused by internal damage or breakdown of equipment or a part of equipment, if no direct external factor caused the damage or breakdown. Extended insurance shall cover the damage or breakdown of equipment only if the factor that causes the loss has a direct external influence on the equipment, e.g. failure of power supply, errors made by users, foreign body entering the equipment. External influence shall not include ordinary weather conditions. Internal damage of equipment can be covered by equipment breakdown insurance.
- 23.3. Insurance shall not cover the loss defined in general exclusions. See point 25 of these Terms and Conditions for general exclusions.

24. EQUIPMENT BREAKDOWN

- 24.1. Equipment breakdown insurance shall cover the damage caused to intact parts of equipment by an unexpected and unforeseeable damage or internal breakdown of equipment. Equipment breakdown insurance shall not compensate for expenses incurred in order to replace or repair the part that caused the damage.

Sample 1: A bearing of a generating installation is damaged and the parts of this damaged bearing get between other movable parts of equipment, damaging these parts. Insurance shall not cover the cost of replacing the bearing, but covers the loss caused by the damaged bearing.

Sample 2: An operating device of a metalworking mill ceases to function due to an error of the printed circuit board inside the operating device, but there is no subsequent loss caused by it. Insurance shall not cover this loss.
- 24.2. Equipment breakdown insurance shall not cover the subsequent loss, e.g. the damage of goods caused by the breakdown, or lost profit.
- 24.3. Insurance shall not cover the loss defined in general exclusions. See point 25 of these Terms and Conditions for general exclusions.

25. GENERAL EXCLUSIONS

The following general exclusions shall be applied for all insurance risks and insured events.

25.1. Intentional loss

Insurer shall not indemnify for loss caused intentionally by Policyholder or members of Policyholder's management body or other persons legitimately using the insured item.

25.2. Foreseeable loss

Insurer shall not indemnify for loss, which is not unexpected and unforeseeable.

Sample 1: Policyholder stores the goods, which can be maintained only at temperature level above zero, in an unheated room during winter. Freezing of goods shall be deemed foreseeable loss.

Sample 2: Policyholder uses urgent means for temporarily repairing the damaged equipment and continues the work. The equipment breaks down permanently a little later. Subsequent breakdown shall be deemed foreseeable loss.

Sample 3: Premises are not properly heated, causing the exposure to cold.

25.3. Gradual loss

Insurer shall not indemnify for loss caused by gradual processes, e.g. wear and tear, amortisation, corrosion, decay, excessive moisture, damage caused by condensed water, fungus (including dry rot), etc.

25.4. Unidentifiable event and property

25.4.1. Insurer shall not indemnify for loss, the causes of which are unclear and cannot be identified through reasonable efforts.

Sample: Policyholder notifies of the physical damage of property. The cause and time of damage cannot be determined. This loss shall not be covered.

25.4.2. Insurer shall not indemnify for loss in respect of property, the existence of which prior to the occurrence of insured event cannot be identified through reasonable efforts.

Sample: Policyholder notifies of loss caused by the theft of property. The prior existence of property cannot be proved by purchase documents or any information received during the review. This loss shall not be covered.

25.5. Interruption of electricity supply or other supply that is necessary for the functioning of an equipment

Insurer shall not indemnify for loss caused by interruption of electricity or gas supply or other supply necessary for the functioning of equipment.

Sample 1: The electricity supply is interrupted because of storm, causing the equipment for bitumen manufacturing to stop functioning. The cost of restarting the equipment shall not be covered.

Sample 2: The interruption of electricity supply causes the autoclave to stop functioning and goods in the autoclave become unfit for use. The loss caused by the deterioration of goods due to the cause stated above shall not be covered.

25.6. Financial loss

Insurer shall not indemnify for the financial loss caused by insured event, e.g. diminished income, and lost profit, long-term costs.

25.7. Change in required environment (temperature, humidity, etc.)

Insurer shall not indemnify for loss caused by a change in adequate temperature or moisture level or other environmental parameter that is necessary for the functioning, work and/or preservation of goods, inventory and equipment.

Sample 1: There is a fire in the compression chamber of a cold storage plant and the temperature regime in the cold storage room is compromised, causing thus the deterioration of goods kept in the cold storage room. The loss caused by the change in temperature level shall not be covered.

25.8. Non-compliant equipment or goods

25.8.1. Insurer shall not indemnify for loss caused by the non-compliance of equipment with prescribed requirements. E.g. when objects with required parameters cannot be manufactured when using the equipment.

25.8.2. Insurer shall not indemnify for loss caused by the non-compliance of goods with prescribed requirements, e.g. in terms of measures, weight, colour, taste, composition, etc. This loss shall not be covered even if the non-compliance is caused by the breakdown of generating installation.

Sample: A company manufactures products with specific measures. Products with incorrect measures were manufactured because of equipment breakdown. This loss shall not be covered.

25.8.2.1. Extended insurance shall cover unexpected and unforeseeable loss caused by a foreign body that entered the goods during the manufacturing process.

Sample: A generating installation in a meat production company is shattered and the shattered part enters the produced meat mixture. Some of the goods shall be disposed as it is not possible to find the shattered part. This loss can be covered by extended insurance.

25.9. Movement of a building

Insurer shall not indemnify for loss caused by the sinking, ascension or shifting of a building and/or parts of a building.

25.10. Precipitation

25.10.1. Insurer shall not indemnify for loss caused to a building by the weight of ice or snow.

25.10.2. Insurer shall not indemnify for loss caused to a building by precipitation, e.g. when water from snow, ice or rain enters the building through its roof or walls.

25.11. Landslide and earthquake

Insurer shall not indemnify for loss caused by landslide or earthquake.

25.12. Errors in construction or design

25.12.1. Insurer shall not indemnify for loss caused during the construction and/or reparation works in the place of insurance. This exclusion shall not be applied in case of fire.

25.12.2. Insurer shall not indemnify for loss caused by low-quality construction or reparation works.

25.12.3. Insurer shall not indemnify for loss caused by using low-quality or inadequate materials.

25.12.4. Insurer shall not indemnify for loss caused by design errors.

25.12.5. Insurer shall not indemnify for loss caused by vibration.

25.13. Maintenance and repair costs

Insurer shall not indemnify for the cost of maintenance and repair.

Sample 1: The water pipe of a building froze, interrupting the water supply and causing the generating installation to stop functioning. As there was no insured event (water pipe is intact, although the water in it is frozen), Insurer shall not indemnify for costs necessary for defrosting the water pipe.

Sample 2: The sewerage system of a building is blocked and needs to be cleaned, but there was no water damage. Insurer shall not indemnify for costs necessary for cleaning the sewerage.

Sample 3: Fast degrading parts of equipment have to be replaced and readjusted in certain intervals in order to guarantee the required accuracy of work. Insurer shall not indemnify for these costs.

25.14. Archaeological excavations

Insurer shall not indemnify for the rise in costs of construction works or any other additional costs incurred due to archaeological excavations.

25.15. Guarantee or other contract

Insurer shall not indemnify for loss that shall be indemnified under a guarantee or any other contract, e.g. building contract or sales contract.

25.16. Fraudulent conduct and extortion

Insurer shall not indemnify for loss caused due to the embezzlement of an insured item by a fraudulent conduct of or extortion by a third person.

25.17. Expropriation and legitimate demolition

Insurer shall not indemnify for loss caused by expropriation or legitimate demolition.

25.18. Taxes and charges

Insurer shall not indemnify for taxes and charges that shall be returned to Policyholder and/or Insured, e.g. VAT or customs duties.

25.19. Dismantling, assembly and testing of equipment

Insurer shall not indemnify for loss caused by dismantling, assembly, testing or test start-up of equipment.

25.20. Parts to be normally replaced

Insurer shall not indemnify for loss caused to parts of equipment that are fast degrading and meant to be normally replaced, e.g. belts, chains, filters, friction parts, cutting bits, gaskets, lamps, etc. This exclusion shall not be applied if the part meant to be replaced in future was distorted or damaged because of an insured event and it was not necessary to replace this part in a reasonable timeframe.

Sample: Cutting bits of a metalworking mill are replaced in certain intervals. This cost is deemed to be normal and Insurer shall not indemnify for loss caused when the cutting bit is damaged.

25.21. Rodents, insects, birds and animals

Insurer shall not indemnify for loss caused by rodents, insects, birds or animals.

25.22. Aesthetic damage

Insurer shall not indemnify for aesthetic damage. Aesthetic damage shall include e.g. a damage that does not jeopardize the functioning of equipment or machinery and the repair of which is not urgent, e.g. scratches, changes in colour, stains or ruptures.

26. SAFETY REQUIREMENTS

26.1. Application of safety requirements

These safety requirements shall be applied together with General Terms and Conditions of Salva Kindlustuse AS (KÜ-03), legislative requirements, departmental safety requirements as well as user and maintenance manuals drafted by manufacturer.

26.2. Implementation of legislation and safety requirements

26.2.1. Policyholder, Insured and any legal possessor of an insured item shall comply with relevant legislation, departmental rules, user and maintenance manuals drafted by manufacturer as well as these safety requirements.

26.2.2. Presentation and enforcement of legislation and safety requirements

Policyholder, Insured and any legal possessor of an insured item shall present the legislation, departmental rules, user and maintenance manuals drafted by manufacturer as well

as these safety requirements to persons who administer and/or use the insured item, as well as act within their rights and capabilities in order to ensure that all persons who are present in the place of insurance comply with legislation and these safety requirements.

26.3. Failure to implement safety requirements

If Policyholder, Insured or any legal possessor of an insured item violates a safety requirement mentioned in insurance terms and conditions, increasing thus the occurrence risk of insured event or aggravating the loss, Insurer shall be entitled to decrease its contractual obligation to pay the insurance indemnity.

26.4. Prudence, diligence and caution

Policyholder, Insured and any legal possessor of an insured item, as well as all persons who are legitimately present in the place of insurance and who administer and/or use the insured item shall be obliged to act prudently and with reasonable diligence and caution.

26.5. Actions in case of threat

26.5.1. In case of threat of loss occurrence, Policyholder or person related to Policyholder shall commence with protective and salvage activities, e.g. remove the snow from top of the roof when it may become too heavy, hinder the further water inflow caused by leaking pipes and commence with property displacement actions and drying efforts.

26.5.2. In case of loss occurrence the respective authority shall be immediately notified thereof: rescue service shall be notified of fire and police shall be notified of theft or vandalism.

26.5.3. If there is a possibility of subsequent loss after the loss occurrence, Policyholder or any person equal to Policyholder shall apply measures in order to prevent or mitigate potential subsequent loss, e.g. after the fire it is necessary to organize the surveillance in order to immediately detect any re-ignition; after a robbery, when doors and locks have been damaged and/or the alarm system is not functioning, it is necessary to organize the manned guard.

26.6. Fire safety

26.6.1. According to legislation, a written action plan covering the salvage of people and property, notification of fire, as well as initial fire extinction actions and other activities shall be drafted for fire occurrences. Furthermore, all persons who administer and/or use insured items, e.g. employees, shall have received relevant instructions.

26.6.2. The place of insurance shall be fit with the adequate number of initial fire extinction equipment, and fire extinction equipment shall be reviewed and checked on a regular basis.

26.6.3. If a building has a fully functioning automatic fire alarm system (hereinafter: the ATS) and/or an automatic fire extinction system, the working order of this system shall be guaranteed by a maintenance contract signed with the authorized company.

26.6.4. In case a building is fit with the ATS and/or sprinkler system, it shall be forbidden to switch the system off fully or partially, unless previously approved by Insurer.

26.6.5. In case a building is fit with fire doors, the manual doors shall be shut; it must be checked whether the fire doors are free to close unhindered and the working order of doors shall be ensured by a maintenance contract.

26.6.6. The existence and availability of fire extinction water is the responsibility of Policyholder and/or Insured; the fire extinction water must be available throughout the year, its volume must be adequate and the water point shall be clearly marked and visible at all times.

26.6.7. Access to the place of insurance, which is under the

responsibility of Policyholder and/or Insured, shall be free for fire extinction and salvage equipment and usable throughout the year.

26.6.8. All evacuation paths and passageways in a building shall be unblocked and free. Combustible materials, equipment and machinery or unused property shall not be kept in a room not designed for storage, e.g. in a ventilation room or under a stairway.

26.6.9. Combustible and/or auto-flammable substances, equipment and machinery shall not be stored in the immediate vicinity of a building. Combustible and/or auto-flammable materials and waste shall be kept outside the building at a safe distance from the building or in a special room with fireproof construction.

26.6.10. Industrial premises and work places shall be kept clean; flammable waste shall be removed from working place and recovered at the end of workday or shift.

26.6.11. Materials and gaseous and liquid substances may be kept in industrial premises within the amounts provided by legislation.

26.6.12. Smoke flues, ventilation ducts and other exhaust ventilation systems shall be cleaned at least once a year or more frequently depending on the utilization, in order to prevent the ignition of accumulated fats, dirt, grime and other residues.

26.6.13. Smoking shall be organized in a special area; smoking in other areas shall be forbidden and the compliance with this requirement shall be monitored. Smoking area shall be fit with an ashtray, which shall be consistently emptied in order to ensure safety.

26.6.14. If principal activity includes welding and other work involving an open flame, these shall be performed in a special area in compliance with fire safety requirements.

26.6.15. If welding or other work involving an open flame is deemed temporary activity, e.g. the repair works, there shall be a strict ex-post monitoring, the work place shall be fit with the adequate number of fire extinction equipment and monitoring activities shall be organized after the completion of these works pursuant to legislation.

26.6.16. The utilization of portable thermal equipment in industrial premises and warehouses shall be forbidden.

26.7. Exploitation of equipment

26.7.1. Instructions and maintenance requirements established by the manufacturer, importer and/or seller should be complied with when handling equipment and machinery.

26.7.2. If a longer interruption in the work of equipment or machine may damage the equipment, e.g. freezing or breakdown of equipment, equipment shall be fit with an alarm system and a back-up system in order to ensure the work of equipment or machine and to prevent the damage.

26.8. Security

26.8.1. Closed doors/windows

Windows, doors and other entrance points of a building shall be closed and locked when exiting the building, so that third persons would not have free or simplified entrance and it would be impossible to enter the building without breaking in and/or picking the locks.

26.8.2. Protection of area

If the area has a fence in order to hinder the entrance of unauthorized persons, the gates shall be closed and locked outside business hours.

26.8.3. Switching on the automatic alarm system (ATS), its maintenance and resetting of security codes

26.8.3.1. The alarm system shall be switched on when the building and/or room is not guarded.

26.8.3.2. If a building or a room has been fit with an automatic alarm system, the working order of the system shall be ensured by signing a maintenance contract with an authorized company.

26.8.3.3. Security codes used for engaging and termination of surveillance shall be reset on a regular basis with a frequency of 3 years as a maximum. Personal security code issued to an employee shall be invalidated upon the end of employment.

26.8.4. Manned guard

Manned guard requires the presence of a guard. Persons who are present in the place of insurance for other purposes than guarding the premises shall not be regarded as guards.

26.9. Maintenance of a building

26.9.1. Roofs of a building shall be checked and maintained on a regular basis. Roofs shall be cleaned from snow and ice in due time in order to prevent the excessive weight of snow.

26.9.2. Storm water pipes and sewerage systems of a building shall be cleaned on a regular basis.

26.9.3. If a building is not used during winter, all utility systems filled with freezing liquids shall be emptied in order to avoid freezing.

26.9.4. The heating of a building shall be adequate in order to avoid freezing.

26.10. Storage of goods and movable property

Goods and movable property shall always be stored on shelves and surfaces, which are at least 12 cm above the ground.

27. INDEMNIFICATION

27.1. Insurance indemnity

Insurance indemnity shall be the part of the amount of damages, which is indemnified by Insurer pursuant to insurance contract.

27.2. Retention limit

27.2.1. Insurer shall not indemnify the loss under the retention limit stated in insurance policy.

27.2.2. If the insured event causes damage to insured items with different retention limits, different retention amount shall not be summed up and only the highest retention limit shall be taken into account.

27.3. Indemnification for the damage of a building

27.3.1. Amount of damages of a building

27.3.1.1. Amount of damages of a building shall mean the minimum cost of reinstating or renovating the building in a place of insurance in order to restore the initial state of the building. Additional costs incurred pursuant to point 11.1.2 of these Terms and Conditions for the mitigation of loss shall be taken into account when determining the amount of damages.

27.3.1.2. Amount of damages of a building shall not include additional costs that incur pursuant to legal requirements, e.g. for ensuring the compliance of the building with applied fire safety requirements. These costs shall be covered if explicitly mentioned in insurance policy.

27.3.2. Indemnification in case the building is reinstated

27.3.2.1. If depreciation of a building is less than 40% and Policyholder is going to reinstate the building in the same place of insurance or organizes restoration works of the building in 2 years after the occurrence of insured event, the calculation of insurance indemnity shall be based on the amount of damages of the building, however not exceeding the sum insured.

27.3.2.2. If depreciation of a building is over 40% and Policyholder is going to reinstate the building in the same place of insurance or organizes restoration works of the building in 2 years after the occurrence of insured event, the calculation of insurance indemnity shall be based on the amount of damages of the building, less depreciation, however not exceeding the sum insured.

27.3.3. Indemnification in case the building is not reinstated

If Policyholder is not going to reinstate the building as provided in points 27.3.2.1 and 27.3.2.2, Insurer shall indemnify for loss within the insurance value of the building, but not exceeding the sum insured and not exceeding the amount of damages, whereas the amount of damages shall not include additional costs mentioned in point 11.1.2 of these Terms and Conditions.

27.3.4. Underinsured building

If the sum insured of a building is less than its insurance value and this difference is at least 20%, Insurer shall reduce the amount of damages of the building according to the proportion between the insurance value and the sum insured.

Sample: Insurance value of the building is 1,000,000 euro and the sum insured stated in insurance contract is 500,000 euro. This means underinsurance: the proportion between the sum insured and the insurance value is $500,000 / 1,000,000 = 0.5$. Insurer shall decrease the amount of damages by 50%.

27.3.5. Intact part of a building

Insurer shall not indemnify for the part of a building that is intact and usable after the occurrence of insured event.

27.4. Indemnification for the damage of goods, inventory and equipment

27.4.1. If the insured item can be repaired, the amount of damages shall be equal to the repair cost.

27.4.2. If the repair cost exceeds the insurance value of an insured item, the amount of damages shall be equal to the insurance value.

27.4.3. In case of repairing the insured item, if it is not possible to acquire the spare part, the depreciation of which is equal to the depreciation of the part to be replaced before the occurrence of insured event, Insurer shall not reduce the amount of damages by the depreciation of replaced part.

27.4.4. If the insurance value of an insured item cannot be determined, the amount of damages shall be equal to costs incurred for purchasing an equal item, whereas Insurer shall subtract from these costs the improved results to be achieved by using this new equipment: longer period of use, better performance, higher quality.

Sample: Machine with a prescribed lifespan of 5,000 working hours is destroyed by fire. It had worked 2,500 working hours before the occurrence of insured event. Restoration is not possible and it is not possible to determine the insurance value as the machine was manufactured to meet a specific order. The lifespan of a new machine is 10,000 working hours. Insurer shall indemnify for 25% of the amount of damages, which corresponds to the unused number of working hours of the old machine compared to the new machine.

27.4.5. Indemnification for additional costs

27.4.5.1. Additional costs necessary for the urgent repair of a machine or equipment, remuneration for working outside business hours, as well as the fee of an expert who can fix the machine quicker shall be covered if explicitly mentioned in the insurance policy.

27.4.5.2. Additional costs for construction works, e.g. for dismantling and assembly of external structures of a building, shall be covered if explicitly mentioned in the insurance policy.

27.4.6. Underinsured goods and/or inventory and equipment

If the sum insured of goods and/or inventory and equipment is less than the insurance value and this difference is at least 10%, Insurer shall reduce the amount of damages according to the proportion between the insurance value and the sum insured.

Sample: Insurance value of goods is 100,000 euro before the occurrence of insured event and the sum insured stated in insurance contract is 60,000 euro. This means underinsurance: the proportion between the sum insured and the insurance value is $60,000 / 100,000 = 0.6$. Insurer shall decrease the amount of damages by 40%.

27.5. Expenses made for the prevention and/or mitigation of loss

Insurer shall indemnify for necessary minimal costs made for the avoidance of insured event, mitigation of loss caused by the insured event, and prevention of subsequent loss. Insurer shall not indemnify for these costs if they incur in order to reduce the damage of a non-covered item.

Sample: Flood caused water damage to some of the goods and Policyholder organizes the transport and temporary storage of goods as there is a danger that the water level may rise even higher. If the goods were insured, Insurer shall indemnify for these additional costs of transport and storage.

27.6. Indemnification decision

27.6.1. Insurer shall pay the indemnity for loss caused by an insured event within 30 days after the identification of the cause and amount of loss, indemnification method and the receiver of indemnity as well as the reception of consent of a beneficiary, if such a person has been provided by insurance contract.

27.6.2. Insurer shall present its decision to decrease the indemnity or decline the indemnification to Policyholder within 30 days after the indemnification application and all required documents have been presented to Insurer and all circumstances related to the occurrence of loss have become known.

28. OBLIGATIONS AFTER THE OCCURRENCE OF INSURED EVENT

28.1. Policyholder, Insured and/or any legitimate possessor of an insured item shall perform the following actions upon the occurrence of loss event:

28.1.1. Implement all measures necessary for the prevention or mitigation of loss, e.g. organize the surveillance in case of burglary, organize the displacement of goods, inventory and equipment that are not water resistant in case of water damage, organize the surveillance for immediate detection of re-ignition in case of fire and organize the guarding of property if the alarm systems are not in order after the fire;

28.1.2. Notify immediately the rescue services in case of fire; notify immediately the police in case of burglary, robbery or vandalism; notify immediately the relevant authorities in case of other accidents or damages;

28.1.3. Notify immediately the Insurer of the occurred event in a format that can be easily reproduced in writing.

28.2. If an insured event has occurred and the Insurer learns about it, the Insurer shall perform the following actions:

28.2.1. Explain to Policyholder the procedures of loss handling and application of insurance indemnity as well as the bases for making the payment, if required by Policyholder;

28.2.2. Examine the loss area as soon as possible and give oral and written (if necessary) instructions to Policyholder for limiting the spreading and amount of loss;

28.2.3. Present a list of documents to Policyholder containing documents that are necessary for examining the loss event and submitting the application for insurance indemnity.

29. EXPERT ASSESSMENT

29.1. Both Insurer and Policyholder shall be entitled to use experts for determining the amount and cause of damages.

29.2. Each party shall cover the costs of its expert.

30. SETTLEMENT OF DISPUTES

30.1. All disputes arising from insurance contracts shall be settled under these General Terms and Conditions as well as according to legislation of the Republic of Estonia.

30.2. If these General Terms and Conditions have been translated into another language, the interpretation shall be based, if necessary, on the Estonian version of these General Terms and Conditions.

30.3. In order to settle the insurance disputes out of the court, the parties to a dispute shall be entitled to turn to the insurance dispute settlement body that is operating under the authority of the Estonian Insurance Association. If an agreement cannot be reached, the dispute shall be settled in Harju County Court (Harju Maakohus).

30.4. Financial Supervision Authority supervises the compliance of Insurers with legislation. Financial Supervision Authority does not settle any contractual disputes between Insurers and Policyholders/Insured persons.

31. OTHER PROVISIONS

Insurer shall be entitled to abstain from concluding an insurance contract without providing any justification.