

CORPORATE PROPERTY INSURANCE CONDITIONS

KT.0656.11

Unofficial translation based on the KT.0656.11 conditions in Estonian

These Corporate Property Insurance Conditions shall be applicable to the insurance contracts made in ERGO Insurance SE, where the object of insurance is the property used in business. In any matters which have not been regulated by the Corporate Property Insurance Conditions, the parties of an insurance contract shall be guided by the general terms and conditions of insurance contracts, the Law of Obligations Act and other legislation.

1. Object of insurance

- 1.1. The object of insurance is the following specified in the insurance contract:
 - 1.1.1. the structure (building, civil engineering works, interior);
 - 1.1.2. fittings and equipment (incl. machines and spare parts);
 - 1.1.3. goods (incl. raw material, semi-finished and finished goods, packaging material).
- 1.2. The object of insurance is not a motor vehicle to be registered, cash, securities or bonds, documents, information and software contained in information processing systems, weapons, ammunition, explosives, samples, prototypes, antiquities, precious metal objects or objects made of precious material.
- 1.3. Objects of insurance have been specified as follows.
 - 1.3.1. Building.

The insured object is a structure permanently attached to land and essential parts thereof, incl. bathtubs, shower cubicles, sanitary equipment, built-in furniture, hanging ceilings; low voltage wiring of communications, TV and audio equipment; fire extinguishing, security alarm and fire detection and fire alarm systems; antennas and awnings; other parts permanently attached to the building, which cannot be separated without damaging the building or the part to be separated.

The following property is not considered a part of the building: ventilation, point exhaustion, steam generation, water supply, sewerage, freezing or cooling systems which are solely or mostly to be used in the production process; transformers which are not parts of the building; advertising structures installed on the exterior of the building and other objects installed there which cannot be considered parts of the building; structures; outdoor communication lines; other property which can be considered fittings and equipment and/or goods.
 - 1.3.2. Civil engineering works.

The object of insurance is a structure which is permanently attached to land, but not a building.
 - 1.3.3. Interior.

The object of insurance is all parts of the building the removal of which does not compromise the integrity or external look of the building, parts of the structure of the adjacent premises or the rights of the possessors of the adjacent premises. The object of insurance also includes the doors and windows of premises, incl. external doors, the low voltage wiring of communications, TV and audio equipment; security alarm system and fire detection and fire alarm system.

The interior does not include furniture, lighting installations, curtain rods or other property which can be considered fittings and equipment and/or goods.
 - 1.3.4. Fittings and equipment.

The object of insurance is the following property specified in the insurance contract: equipment and machinery; spare parts and accessories; tools; furniture, curtain rods and rails, carpets, lighting installations; movable heating sources; fire extinguishers and

other fittings; ventilation, point exhaustion, heating, steam generation, water supply, sewerage, freezing and cooling systems; transformers which are not parts of the structure; advertising structures installed on the exterior of the building and other objects installed there; fuel not meant to be sold; a motor vehicle not subject to registration.

The fittings and equipment can be insured either without or with the list of the property to be insured.

- 1.3.4.1. Upon insurance of fittings and equipment without the list of property, the tangible property (fixed and minor assets) located at the place of insurance at the moment of occurrence of the insured event shall be considered the object of insurance, except for the civil engineering works, goods and the property specified in subsection 1.2. herein. Each single object shall be considered a separate object of insurance.
- 1.3.4.2. Upon insuring fittings and equipment on the basis of the list of property, the tangible property located at the place of insurance, which has been specified in the list of the property to be insured shall be considered the object of insurance, except for the civil engineering works, goods and the property specified in subsection 1.2. herein. Each single object shall be considered a separate object of insurance.
- 1.3.4.3. The fittings and equipment acquired during the insurance period shall also be considered the object of insurance to the extent of 10% of the sum insured of the fittings and equipment, but not more than to the extent of 7000 euros.
- 1.3.5. Goods.

The object of insurance is the goods located at the place of insurance specified in the insurance contract (incl. raw material, semi-finished and finished products, packaging material and goods) with regard to which the policyholder has the intention to sell. Civil engineering works, fittings and equipment, and the property specified in subsection 1.2. herein are not considered goods.

2. Insurable value

- 2.1. The insurable value of the structure and goods is the reinstatement value.
- 2.2. The insurable value of the fittings and equipment is the reinstatement value or market value.
- 2.3. Reinstatement value means necessary and reasonable expenses for restoration or re-acquisition of new equal property (with the same technical indicators and same qualities).
- 2.4. Market value means necessary and reasonable expenses for re-acquisition of equal property (with the same technical indicators). The market value is used in the case of property that is over 4 years old and computing equipment that is over 2 years old or if the insurable value in the insurance contract has been specified as the market value. The age is determined by subtracting the year of production from the actual year.
- 2.5. The policyholder is responsible for submission of the correct insurable value. If the submitted insurable value is not correct, the conditions of overinsurance or underinsurance shall be followed in the case of occurrence of an insured event.
- 2.6. In the case of changes in the insurable value of the object of insurance during the insurance period the policyholder may apply to the insurer for amendment of the sum insured for the purpose of prevention of underinsurance or overinsurance.

3. Sum insured, indemnification limit and first risk insurance

- 3.1. The sum insured is the maximum indemnity payable per insured event.
- 3.2. The indemnification limit is the maximum limit of the payment amount that is smaller than the sum insured agreed on in the insurance contract.
- 3.3. The first risk insurance is the maximum limit of the payment amount that is lower than the sum insured agreed on with regard to the object of insurance, whereby underinsurance is not taken into account. The object of insurance is considered insured on the basis of the principle of the first risk insurance only if so agreed specifically in the insurance contract.

4. Place of insurance

- 4.1. The place of insurance is the structure(s) or the internal room(s) of the structure(s) specified in the insurance contract.
- 4.2. In the case of fire insurance the insurance cover also applies to the fittings, equipment and goods constituting the object of insurance in the territory of the company located at the address specified in the insurance contract.
- 4.3. If the policyholder has insured all its goods, the goods relocated between the places of insurance during the insurance period shall be deemed as insured in the insurance contract involving several different places of insurance. The relocated property is insured against those risks which have been specified in the contract with regard to the object of insurance in the place of occurrence of the insured event.

5. Insured event

- 5.1. An insured event is the damage, destruction or loss of the object of insurance, which has been caused by the unexpected and unforeseen event specified in the insurance contract.
- 5.2. If the time of occurrence of an insured event cannot be determined, the moment when the policyholder or a person equal to the policyholder should have learned about the insured event shall be deemed the time of occurrence of the insured event.

6. Preclusions

- 6.1. Losses and damage and expenses the direct or indirect reason for which is any of the following shall not be indemnified:
 - 6.1.1. war, civil war, invasion, civil disturbance, coup d'état, strike, state of emergency, terrorism, expropriation;
 - 6.1.2. use of nuclear energy for any purpose or losing control of nuclear energy;
 - 6.1.3. radioactive radiation and radioactive contamination;
 - 6.1.4. blasting or mining operations;
 - 6.1.5. earthquake;
 - 6.1.6. circumstance, which the policyholder was aware of before entry into the insurance contract, but failed to notify the insurer of.
- 6.2. The following shall not be indemnified:
 - 6.2.1. costs of abatement of environmental pollution;
 - 6.2.2. damage caused to third parties.

7. Excess

- 7.1. Excess is a portion of the damage specified in the insurance contract, which shall not be indemnified by the insurer. Excess shall be applicable with respect to any insured event.
- 7.2. If the policyholder has several insurance contracts made on the basis of these conditions in the place of insurance, the highest excess shall be applied in the case of an insured event.

8. Insurance indemnity

- 8.1. The insurance indemnity is an amount of money that is paid for indemnification for proprietary damage suffered as a result of an insured event and the expenses agreed on in the insurance contract.

- 8.2. Upon the occurrence of an insured event the insurer shall indemnify the policyholder for the necessary and reasonable expenses related to prevention or reduction of the losses and damage. The insurer shall also indemnify the expenses which are necessary for demolition and cleaning operations to be carried out following an insured event and for removal of the waste. The total maximum limit of the indemnity of the listed expenses is 10% of the sum insured of the property constituting the object of insurance.

9. Procedure for indemnification

- 9.1. Proprietary damage caused as a result of an insured event and other expenses agreed in the insurance contract shall be indemnified. The insurance indemnity is calculated on the basis of the insurable value of the object insurance damaged, destroyed or lost as a result of an insured event effective immediately before the occurrence of the insured event.
- 9.2. Upon calculation of the insurance indemnity, the following formula shall be applied:

$$\text{Insurance indemnity} = \text{amount of damage} \times \frac{\text{Sum insured}}{\text{Reinstatement value}} - \text{Excess}$$

- 9.3. The aforementioned formula shall not be applied if:
 - 9.3.1. has been agreed in the insurance contract that the principle of the first risk insurance shall be applied. In the case of the first risk insurance the insurer shall indemnify losses and damage to the extent of the maximum indemnity agreed upon, less the excess and the insurance premium payable;
 - 9.3.2. in the case of overinsurance. In the case of overinsurance the insurer shall indemnify the amount of losses and damage to the extent of the insurable value, less the excess and the insurance premium payable.
- 9.4. Upon application of the aforementioned formula in the case of insurance with an indemnification limit, the insurance indemnity shall be the maximum amount of the insurance indemnity, less the excess and the insurance premium payable.
- 9.5. The amount of losses and damage includes the amount required for restoration of the object of insurance damaged, destroyed or lost as a result of an insured event and indemnification of the expenses specified in subsection 8.2. herein.
- 9.6. If the insurable value is the reinstatement value, the recipient of the insurance indemnity shall be entitled to the portion of the insurance indemnity, which exceeds the market value of the property or the indemnity reduced by the depreciation, provided that the policyholder uses the insurance indemnity for restoration of property of the same type and purpose at the same place within two years after commencement of indemnification. The portion of the insurance indemnity exceeding the market value of the property or the indemnity reduced by the depreciation shall be indemnified after restoration of the property.

10. Policyholder's obligations

- 10.1. The policyholder shall:
 - 10.1.1. upon entry into the insurance contract, notify the insurer about any and all material circumstances known to him or her, i.e. the circumstances of the insured risk, which affect the insurer's decision to enter into the insurance contract or to do it on the agreed conditions. If the policyholder is in doubt about whether to deem a circumstance material or not, the insurer shall be consulted;
 - 10.1.2. allow the representative of the insurer to examine the object of insurance and the documents necessary for entering into the insurance contract;
 - 10.1.3. follow the legislation of the Republic of Estonia, the user manuals of the equipment, and the safety requirements, special conditions and additional conditions set out in the insurance contract;
 - 10.1.4. take any steps necessary for prevention of the insured event and reduction of possible losses and damage, not increase the insured risk and not allow it to be increased by persons who are equalised with the poli-

- cyholder upon performance of the contractual obligations;
- 10.1.5. explain the obligations arising from the insurance contract to persons who are equalised with the policyholder upon performance of the contractual obligations;
 - 10.1.6. immediately notify the policyholder about the possibility of an increase of the insured risk (e.g. the changes compared to those set out in the application);
 - 10.1.7. immediately notify the insurer about the emergence of multiple insurance;
 - 10.1.8. immediately notify the insurer about the transfer of the object of insurance;
 - 10.1.9. upon leaving the building or premises, fully close and lock all doors, windows, latches and other openings and engage the security alarm system specified in the insurance contract;
 - 10.1.10. keep the automatic fire detection and fire alarm system specified in the insurance contract engaged 24 hours a day.

11. Acting upon occurrence of insured event

- 11.1. Upon the occurrence of an insured event, the policyholder shall:
 - 11.1.1. immediately take measures for saving the object of insurance and preventing an increase of the damage and reducing the possible damage;
 - 11.1.2. if the intentional action of a third person is suspected, immediately notify the police about what happened; notify the local rescue service in the event of a fire or

- 11.1.3. an explosion; in other events, notify other respective competent agencies or persons;
- 11.1.3. personally or through a representative, notify the insurer in a format which can be reproduced in writing about the insured event as soon as possible after learning about the insured event, providing in the application information about what happened, the expected extent of the losses and damage, the witnesses, the parties involved and the party at fault, and fulfil the instructions of the insurer's representative;
- 11.1.4. if possible, preserve the inviolability of the place of the occurrence of the insured event until the orders of the insurer;
- 11.1.5. as soon as possible submit the list of the property damaged, destroyed or lost as a result of the insured event;
- 11.1.6. during loss adjustment, allow the insurer to identify the reasons and size of the losses and damage caused by the insured event, submitting the required documentation.
- 11.2. The policyholder shall present the damaged property or its remains in the post-insured event state to the insurer for examination. The policyholder shall not start restoring the damaged property or utilising the destroyed property without the consent of the insurer.
- 11.3. The policyholder is obliged to prove the insured event. The policyholder shall provide the insurer with information necessary for verification of the performance of the insurer's contractual obligations.
- 11.4. Upon reclaiming the lost object of insurance or learning its whereabouts the policyholder shall immediately notify the insurer thereof.