

# TERMS AND CONDITIONS OF INSURANCE

## HOME INSURANCE ERGO MIDI

### KT.0909.13

These terms and conditions of insurance shall apply to insurance contracts concluded at ERGO Insurance SE, where the insured object is the assets used in domestic activities or proprietary obligations. In any matters not resolved by these terms and conditions, the parties to an insurance contract shall be guided by the general terms and conditions of insurance contracts, the Law of Obligations Act and other legislation.

#### 1. Insurer

The Insurer is ERGO Insurance SE.

#### 2. Policyholder

- 2.1. The Policyholder is a person who has entered into an insurance contract with the insurer.
- 2.2. The policyholder may be a person who has an insurable interest (owner of the insured object or its legal possessor).

#### 3. Insured object

- 3.1. The insured object is the building, apartment, apartment ownership, civil engineering works and/or domestic asset specified in the insurance contract.
- 3.2. The building (e.g. dwelling, ancillary building, summerhouse) is a structure that is permanently connected to the ground and has a roof, outer borders and internal premises, including the essential parts, such as bathtubs, shower booths, sanitary equipment, suspended ceilings, built-in furnaces, fireplaces and stoves, hot water boilers, electrical wiring, built-in low voltage wiring for communications, TV and sound equipment, ventilation and air conditioning equipment and alarm equipment. In addition to the building, the insurance also covers fitted kitchen furniture (except for kitchen equipment), also built-in sliding and folding doors. The apartment includes a constructionally bordered and separately usable dwelling and its parts which can be changed without damaging any legal shares of the building, prejudicing the rights of other owners nor changing the external shape of the building. Parts of the apartment are:
  - floors, ceilings and walls up to the load-bearing structure;
  - fitted furnaces, stoves, fireplaces;
  - sanitary equipment;
  - apartment doors and windows;
  - balcony and loggia;
  - hot water, cold water and gas piping starting from the closing armature of the apartment;
  - sewerage, ventilation and air conditioning systems starting from the apartment connection or input, which are bordered with a wall, floor or ceiling;
  - electrical installations starting from the fusebox equipment of the apartment;
  - the part of the heating system which is in the exclusive ownership of the apartment owner;
  - built-in low voltage wiring for communications, TV and sound equipment, and alarm equipment;
  - storeroom attached to the apartment;
  - fitted kitchen furniture (except for kitchen equipment), also built-in sliding and folding doors.
- 3.3. The apartment ownership is a constructionally bordered and separately usable dwelling, also parts of the building attached to the dwelling along with the part that corresponds to the total area of the dwelling and is not a physical part of the building. In addition to the apartment ownership, the insurance also covers a storeroom attached to the building.
- 3.4. In case of a building, apartment and apartment ownership, insurance also covers antennas, sunshades and lighting fittings

fastened to the building exterior.

- 3.5. In case of a building, apartment and apartment ownership, the insurance does not cover:
  - mobile stoves and heating elements, refrigerators and washing machines, curtain poles, busbars, carpets, lighting fittings and other domestic assets.
  - civil engineering works (e.g. sediment basin, fence, access road, etc.);
  - external utility lines.The civil engineering works is a structure that is permanently connected to the ground and is other than a building – such as a fence, awning, pool, greenhouse, etc.
- 3.6. The domestic assets are movables specified in the insurance contract and located in a covered place.
- 3.7. Without an additional note in the insurance contract, the domestic assets do not include:
  - a building or its parts;
  - agricultural products, alcoholic beverages;
  - cash, bank cards, documents, manuscripts, drawings, archives, models, securities - including coupons, bonds, cheques, lottery tickets, etc.;
  - information and software contained in information processing systems and equipment;
  - ammunition, explosives;
  - motor vehicles, trailers and semitrailers, agricultural machines (except for lawn tractors);
  - air and water vehicles, including scooters, jets;
  - living beings and plants;
  - assets belonging to a tenant if the tenant is not the policyholder.

#### 4. Covered place and validity of insurance contract

- 4.1. The covered place is a building, a part of a building or an apartment located at the address specified in the insurance contract.
- 4.2. Without an additional note in the insurance contract, the covered place for domestic assets does not include:
  - civil construction works;
  - sheds, garages and other ancillary buildings attached to the apartment buildings.

#### 5. Insured event

- 5.1. The insured event is damage, destruction or loss of the insured object as a result of an unexpected and unforeseeable event specified in clause 6 hereof.
- 5.2. Upon an insurance option of civil liability insurance, the insured event means unlawful creation of damage by the policyholder to a third party, as a result of which the policyholder shall have the obligation to compensate for damage.
- 5.3. If the precise time of an insured event cannot be identified, it is deemed to be a day when the policyholder or a person considered equivalent to the policyholder should have learned about the insured event.

#### 6. Sum insured and insurable value

- 6.1. The insurable value of a building, apartment, apartment ownership and civil construction works is the restoration value thereof, i.e. the smallest possible expenses for restoration thereof to its initial state before it was destroyed.
- 6.2. The insurable value of a domestic asset is its re-acquisition value, i.e. the amount of money necessary for re-acquiring an equal item.
- 6.3. The insurable value of works of art (paintings, graphic artwork, sculptures), collections and jewellery is their market value.

- 6.4. The sum insured is the maximum amount paid per insured event.
- 6.5. The sum insured shall not be reduced by the amount of indemnity paid out.
- 6.6. In case of civil liability insurance, the sum insured that is agreed upon in the insurance contract shall be the maximum limit for all claims arising from the same insured event.

## 7. Insurable risk and significant circumstances influencing thereof

- 7.1. Insurable risk is a threat against which the insured object shall be insured. An increase in the likelihood of an insurable risk is understood as an increase of probability of the insured event.
- 7.2. Significant factors affecting the insurable risk include mainly the information requested by the insurer before entering into the insurance contract. Significant factors affecting the insurable risk also include failure to comply with the special conditions, additional conditions or agreements set out in the insurance contract or its annexes.
- 7.3. The insurer shall be immediately notified of an increase in the likelihood of the insurable risk, unless the increase in the likelihood of the insurable risk is caused by commonly known circumstances.
- 7.4. During the insurance period, the insurer has the right to inspect the insured object, require that the policyholder apply additional safeguard measures in order to reduce the increased insurable risk and/or to demand the payment of a larger insurance premium corresponding to the insurable risk. The above does not preclude the right of the insurer to cancel the insurance contract with immediate effect, if necessary.

## 8. Insurance events, related claims and restrictions

- 8.1. The insured event is deterioration, destruction or loss of the insured object as a result of unexpected and unforeseeable events specified in the following insurance options or damage unlawfully caused by the policyholder to a third party, as a result of which the policyholder shall have the obligation to compensate for damage.
- 8.2. Fire  
Damage caused to the insured object shall be compensated when it is caused by:
  - 8.2.1. fire, soot, smoke and fire fighting water. Fire is understood as an open flame that has occurred outside its intended hearth or has exited it and is able to spread with its own force, posing a threat to the surroundings.
  - 8.2.2. direct strike by lightning, i.e. the direct contact between lightning and the building that is the covered place or insured object, whereupon a lightning charge lands through the building;
  - 8.2.3. damage caused to an electrical installation due to lightning;
  - 8.2.4. explosion (incl. explosion of an explosive) which is understood as a force with immediate effect that is created upon expansion of gases or vapours;
  - 8.2.5. falling of an airborne vehicle, its parts or cargo from a height.
- 8.3. The following shall not be compensated:
  - 8.3.1. damage caused to electrical installations by electric current, including overvoltage, overload, insulation defects, short-circuit, insufficient contact and damage to measuring, testing or safety equipment – in case if the effect of electric current does not result from lightning;
  - 8.3.2. damage caused to household equipment and consumer electronics as a result of electric current or lightning.
- 8.4. Water accident  
Damage caused to the insured object shall be compensated when it is caused by:
  - 8.4.1. water that has poured from the internal water supply network or its part, including a tap;
  - 8.4.2. water that has leaked out as a result of breakage of household appliances (including washing machines, dishwashers and boilers) that are permanently connected to the internal water supply network and the connecting details of such appliances;
  - 8.4.3. waste water or sewage having leaked out due to an accident in the internal sewerage system;

- 8.4.4. water or other liquid that has leaked out from the heating or cooling system of the building or from the parts thereof;
- 8.4.5. water that has leaked out from an aquarium.
- 8.5. The following shall not be compensated:
  - 8.5.1. the expenses for repair or re-acquisition of an aquarium, household appliance, equipment or piping that has caused the damage;
  - 8.5.2. damage caused by water vapour or excessive moisture, except when caused by events listed in clauses 8.4.1 – 8.4.5;
  - 8.5.3. damage caused by cleaning water;
  - 8.5.4. damage caused by rotting or other long-term process (such as corrosion, wear, dry rot fungus, mould, etc.);
  - 8.5.5. damage caused by water or other liquids that have penetrated into the building from outside (unclosed openings, fences or sewerage systems);
  - 8.5.6. damage caused by condensation;
  - 8.5.7. damage that is in causal relationship with construction work made on the insured object. Construction work means the establishment, extension or reconstruction of a building, modification of utility systems and demolition of a building. Reconstruction of a building means modification of the border structures of the building and the modification and replacement of stiffening and bearing structures. Construction works do not include maintenance or repair of a building, such as wallpapering, painting, replacement of floorings or doors and windows.
- 8.5.8. damage to domestic assets located in a storeroom of the building which is outside the apartment, e.g. in a cellar, corridor, garage, attic.
- 8.6. Burglary  
Damage caused to the insured object shall be compensated when it is caused by:
  - 8.6.1. burglary that is understood as theft by way of removing, breaking or unlocking the barrier or lock that prevented entry to the locked covered place. The removal, breaking or unlocking of a barrier or lock must be identifiable. Unlocking does not include the opening of a lock by an original key or its imprint.
  - 8.6.2. robbery that is understood as taking the assets by physical violence or a direct threat to use it.
  - 8.6.3. wrongful activity of a third party, which is understood as wrongful destruction or damage of assets at the time of burglary or robbery.
- 8.7. The cost for restoring the fence structures of a building/apartment or their parts that were broken or damaged as a result of burglary or robbery shall be compensated.
- 8.8. If the policyholder or a person authorised by the policyholder has lost possession of a key due to burglary or robbery and the lock needs to be replaced as a result thereof, the insurer shall compensate for the resulting damage to the extent of EUR 640.
- 8.9. damage to domestic assets located in a storeroom of the building which is outside the apartment (e.g. in a cellar, corridor, garage, attic), unclosed balcony or loggia shall not be compensated.
- 8.10. Storm  
Damage caused to the insured object shall be compensated when it is caused by:
  - 8.10.1. storm. For the purposes hereof, storm is understood as a wind with an average speed or with gusts of at least 18 metres per second. An insured event caused by storm also includes damage caused by trees, poles or other items having fallen on the insured object as a direct result of the storm. If the wind speed cannot be identified at the place of the insured event, the storm is assumed to exist if the policyholder supplies evidence that damage has been caused to the buildings or items in the surroundings of the covered place, which were in impeccable condition until then, and the damage was caused only by storm.
  - 8.10.2. ridged ice;
  - 8.10.3. hail.
- 8.11. The following shall not be compensated:
  - 8.11.1. damage caused by rain, snow or water; resulting from the melting of snow, hail or water; resulting from the melting of hail that has penetrated through the openings of a building or civil construction works, roof or other construction structures, except for events when the openings have come into existence due to the cir-

cumstances listed in clauses 8.10.1 – 8.10.3. Such openings must be identifiable.

- 8.11.2. damage that is in causal relationship with the construction work made on the insured object. Construction work means the establishment, extension or reconstruction of a building, modification of utility systems and demolition of a building. Reconstruction of a building means modification of the border structures of the building and the modification and replacement of stiffening and bearing structures. Construction works do not include maintenance or repair of a building, such as wallpapering, painting, replacement of floorings or doors and windows.
- 8.11.3. damage that is directly or indirectly caused by a flood, incl. a flood resulting from a storm;
- 8.11.4. damage caused by the weight of ice or snow.
- 8.12. Flood  
Damage caused to the insured object shall be compensated when it is caused by:
  - 8.12.1. natural flood caused by a storm, precipitation or a flood of a water body. Natural flood is understood as an extraordinary rise of the water level due to natural events to such an extent where the ground and/or drying system built according to the construction design (including the drainage and sewerage system) cannot accept such an extraordinary quantity of water caused by natural events and the surface water level is above the ground.
- 8.13. The following shall not be compensated:
  - 8.13.1. damage caused by flood resulting from a broken dam or other barrier;
  - 8.13.2. damage caused by water that has moved below the ground (e.g. water in the soil has penetrated into a cellar, etc.).
- 8.14. Vandalism  
Damage caused to the insured object shall be compensated when it is caused by:
  - 8.14.1. wrongful actions of a third party aimed at damaging or destruction of a building;
  - 8.14.2. damage caused by collision with a land vehicle when it is not subject to compensation under any other insurance contract or law;
  - 8.14.3. brokerage of glass surfaces of the insured object;
  - 8.14.4. theft of external parts of the building.
- 8.15. The following shall not be compensated:
  - 8.15.1. cracks and damage caused to the glass surface which have left the glass unbroken;
  - 8.15.2. theft of internal parts of the building.
- 8.16. Civil liability insurance  
Damage that has been unlawfully caused to a third party upon possession of the insured object that is insured by the same insurance contract shall be compensated. Damage shall be compensated if the damage was caused through the fault of the policyholder and/or the policyholder is liable for incurrence of the damage. The event that has caused damage must have taken place during the insurance period.
- 8.17. The following shall not be compensated:
  - 8.17.1. non-proprietary claims based on loss of income;
  - 8.17.2. contractual liability of the policyholder, obligations assumed under the contract, including warranties granted in writing or otherwise, etc.;
  - 8.17.3. claims for damage arising from an act performed without due authority;
  - 8.17.4. claims that are based on events that caused damage and of which the policyholder was aware before entering into the insurance contract;
  - 8.17.5. claims caused by the intent or dishonesty of the policyholder and his/her actions committed under the influence of alcohol, drugs, toxic substances, etc.;
  - 8.17.6. mutual claims between the policyholder and the persons connected with him/her;
  - 8.17.7. claims arising from labour, service or family law disputes;
  - 8.17.8. claims arising from lawful fines imposed on the policyholder or the injured party, accrued interest, interest on arrears and other punishments to be added to damage;
  - 8.17.9. claims arising from asbestos dust, diethylbestrol (DES), dioxin or acquired immune deficiency syndrome (AIDS), medicaments and communicable diseases;
- 8.18. Rental costs of temporary dwelling

The substantiated and documented costs of the policyholder shall be compensated if they are caused by temporary or permanent unsuitability for habitation of a building or its part (apartment) being the policyholder's permanent place of residence as a result of the insured event.

- 8.19. A building or apartment is unsuitable for habitation if it is destroyed or damaged insofar that it makes normal living impossible or significantly harder.
- 8.20. The following shall be compensated:
  - 8.20.1. costs for moving to and back from a temporary dwelling;
  - 8.20.2. rental costs of an equal temporary dwelling.
- 8.21. Costs shall be compensated as from the time of occurrence of the insured event, for a period of six (6) months at a maximum, but not more than until:
  - 8.21.1. restoration of suitability for habitation of the covered place, or
  - 8.21.2. replacement of a dwelling or its part (apartment).
- 8.22. The following shall not be compensated:
  - 8.22.1. utility bills of the temporary dwelling;
  - 8.22.2. interest on arrears, fines for delay;
  - 8.22.3. costs related to the search for a temporary dwelling.
- 8.23. The insurance cover for rental costs of a temporary dwelling shall not extend to persons who use the building or its part (apartment), covered by the insurance contract, on the basis of a tenancy contract.

## 9. General exemptions

- 9.1. The following shall not be compensated:
  - monetary claims that cannot be regarded as direct proprietary damage (loss of income, damage to proprietary rights, etc.);
  - costs for removal of environmental pollution.
- 9.2. Damage and costs shall not be compensated if they are directly or indirectly caused by:
  - damage resulting from the sinking of the ground, building or its part, notwithstanding the event or reason that led to the sinking;
  - landslide or earthquake;
  - radioactive radiation and radioactive contamination;
  - war, civil war, invasion, civil unrest, coup d'etat, strike, extraordinary situation, terrorism, expropriation;
  - use of nuclear energy for any reason whatsoever or the loss of control thereof;
  - blasting or extraction works;
  - any fact of which the policyholder was aware before entering into the insurance contract, but did not inform the insurer thereof.

## 10. Obligations of the policyholder

- 10.1. The policyholder has the obligation:
  - 10.1.1. upon entering into an insurance contract, to supply to the insurer the correct and complete data in any matters concerning the insurance contract and to inform the insurer of all significant circumstances affecting the insurable risk; to enable a representative of the insurer to examine the assets and fulfil the additional conditions presented by the insurer, which are necessary for reducing the insurable risk (the requirement for installation of fire or security alarm equipment, etc.);
  - 10.1.2. to allow the representative of the insurer to examine the condition of the asset and the documents necessary for entering into the insurance contract;
  - 10.1.3. to examine the insurance contract documents before entering into the insurance contract;
  - 10.1.4. to comply with the legislation applicable in the Republic of Estonia, the additional conditions specified in the insurance contract and equipment operating manuals, to make its best efforts to avoid an insured event and reduce any potential damage, not to increase the insurable risk and to prevent other persons for whom the policyholder is liable from increasing it;
  - 10.1.5. to explain the obligations under the insurance contract to persons in whose possession or use the insured

object is or to whom it is handed over;

- 10.1.6. to immediately inform the insurer of creation of multiple insurance and an increase in the likelihood of the insurable risk (e.g. changes compared to what is specified in the application);
  - 10.1.7. to immediately inform the insurer of transfer of the insured object;
  - 10.1.8. upon leaving a room or building, to close and lock all entries and exits (doors, windows, shutters, etc.) at the covered place;
  - 10.1.9. if a security alarm system exists, to switch it on when leaving the room or building, and not to limit the working area of sensors nor reduce their sensitivity;
  - 10.1.10. if a fire alarm system exists, to keep such equipment switched on 24 hours a day;
  - 10.1.11. to use and maintain alarm equipment according to the instructions;
  - 10.1.12. to close and empty the water supply and heating systems located in an unheated building or its part.
- 10.2. Upon occurrence of an insured event, the policyholder has the obligation:
- 10.2.1. to immediately apply measures to save the insured object and avoid any increase in damage and reduce any possible damage;
  - 10.2.2. to immediately inform the police of what has happened if deliberate actions of a third party are suspected; to inform a local rescue service if fire has occurred or an explosive has exploded; in all other events, the relevant competent bodies or persons should be informed;
  - 10.2.3. to inform the insurer of an insured event at the first possibility after becoming aware thereof, either in person or through his/her representative, by giving in the application the data of what has happened, the estimated amount of damage, witnesses, parties and the offender, and to subsequently adhere to the instructions given by the representative of the insurer;
  - 10.2.4. if possible, to retain the scene of the insured event intact until the orders are given by the insurer;
  - 10.2.5. to supply a list of assets that have been lost, damaged or destroyed as a result of the insured event, within two weeks as of becoming aware of the insured event;
  - 10.2.6. to allow the insurer to identify, during the handling procedures, the reasons for and amount of damage arising from the insured event, by submitting the necessary documentation.
- 10.3. The policyholder shall present the damaged asset in the condition as it was after the insured event or the remnants of such asset to the insurer for inspection. The policyholder shall not begin to restore or dispose of the destroyed asset without the consent of the insurer.
- 10.4. The policyholder is required to submit to the insurer information that is necessary for determining the performance of the insurer's contractual obligations.

## 11. Obligations of the insurer

The insurer has the obligation:

- 11.1. to introduce the documents of the insurance contract to the policyholder before entering into the insurance contract;
- 11.2. to keep in confidence the data that the insurer learned in connection with the insurance contract;
- 11.3. after receiving an application from the policyholder, to immediately commence the insurance event handling and determine the amount of damage to be compensated;
- 11.4. to register the notice of damage and introduce to the policyholder the procedure for solving the insured event and compensating for damage;
- 11.5. to submit to the policyholder the list of documents necessary for identifying the reasons for and amount of damage incurred as a result of the insured event;
- 11.6. to make a decision on compensation for damage or refusal to do so at the latest within 10 working days as of receipt of all required documents and identification of the amount of damage and the circumstances related to its occurrence. If criminal proceedings have been commenced, the insurer has the right to postpone the making of a decision until charges are brought against the offender or upon receiving a decision on termina-

tion or suspension of the criminal proceedings. The insurer is required to notify the policyholder in writing of refusal to compensate for damage at the latest within five (5) working days after the making of the decision, by specifying the reason and basis for refusal or reducing the indemnity.

## 12. Compensation procedure

11. Direct proprietary damage and other expenses that are set out in the insurance contract and are substantiated shall be compensated. The insurance indemnity shall be calculated based on the insurable value of the insured object, which was damaged, destroyed or lost as a result of the insured event, immediately before the insured event.
- 12.2. In case of an insured event, the insurer shall compensate the policyholder for the necessary expenses related to prevention or reduction of damage and the expenses which the policyholder has incurred in relation to identification of damage or determination of its amount. The insurer shall also compensate for expenses that are necessary for cleaning up the assets that were damaged as a result of the insured event and the remaining assets and for removing the waste.
- 12.3. Excess shall be subtracted from the indemnity. If several excesses are applied simultaneously, only the largest excess shall be subtracted from the indemnity.
- 12.4. Upon over-insurance, the insurer shall compensate for the actual amount of damage.
- 12.5. In case of under-insurance, insurance indemnity shall be paid in proportion to the ratio of the sum insured to the insurable value at the time of occurrence of the insured event.
- 12.6. Upon determination of indemnity for domestic assets, under-insurance and wear and tear of the item shall not be considered.
- 12.7. Under-insurance shall be considered upon compensating for expenses that are necessary for preventing and reducing damage, cleaning expenses and waste removal expenses, etc., which are set out in the insurance contract.
- 12.8. In the case of a building, the insurer has the right to compensate at first the indemnity portion, which also includes depreciation of the building. The remaining portion shall be compensated on the basis of calculations submitted for restoration of the building provided the policyholder will use the indemnity to restore a building of the same type and with the same purpose and at the same place within two years as of commencement of compensation. At the same time, the policyholder must have supplied evidence that he/she has used the first received indemnity for restoring the building.
- 12.9. If the amount or reason of loss created as a result of the insured event is not evidenced, the insurer shall compensate only for that part that has been evidenced.
- 12.10. The insurer has the right to set off its obligation to perform the insurance obligation against such portions of indemnity that have not been paid under the insurance contract until the end of the insurance period.

## 13. Release of the insurer from the obligation to perform the insurance contract

The insurer shall be partially or fully released from the obligation to perform the insurance contract if:

- 13.1. the policyholder has violated at least one of the obligations specified in clause 10 and there exists a causal relationship between failure to perform the obligation and the occurrence of the insured event and/or the amount of damage resulting from this;
- 13.2. the policyholder has not paid the insurance premium by the agreed due date (in case of periodic payments, by the additional due date determined by the insurer) and if the insured event takes place after expiry of the due date for payment of insurance premium;
- 13.3. the insured event has taken place due to severe negligence or intention of the policyholder or beneficiary;
- 13.4. the insured event was caused by the activities of the policyholder or a person considered equivalent to him/her under the influence of alcohol, drugs or other psychotropic substances;
- 13.5. the policyholder or beneficiary has misled or tried to mislead the insurer about the circumstances related to occurrence of damage.