

MOTOR VEHICLE INSURANCE TERMS AND CONDITIONS

This text is a translation based on the original insurance terms and conditions in Latvian. In the event of a conflict between the translation and the original insurance terms and conditions, the parties shall be guided solely by the original insurance terms and conditions in Latvian.

I GENERAL PROVISIONS

1. Terms used in the Terms and Conditions

1.1. **Insurer** – the insurance joint stock company BALTA, the uniform registration number: 40003049409, registered office at: Raunas Street 10/12, Riga, LV-1039, Latvia.

1.2. **Policyholder** – a legal entity or a natural person who has concluded an insurance contract for own or another person's benefit.

1.3. **Insured person** – a person to whom the insurance indemnity disbursement is due according to the insurance contract. Where the insured person is not the owner of the motor vehicle, the insured person shall be specified in the special provisions of the policy.

1.4. **Insurance contract** – is the present insurance contract – the conclusion of which is supported by the insurance policy and the policy/policies of the insurance object (if several motor vehicles are insured under a single insurance contract) – which includes the provisions of the insurance contract, the insurance policy, the insurance application, as well as all alterations of this insurance contract that the insurer and the policyholder have agreed upon in writing.

1.5. **Distance insurance contract** – is an insurance contract if the insurer and the policyholder concluded it on the basis of the insurer's written proposal and invoice, or by mediation of a catalogue or an advertisement published in the press with the order coupon attached, telephone, fax machine, the internet, electronic mail, television, radio, and other means of sending and transmitting the information. The conclusion of the distance insurance contract shall be verified by the insurance policy in the form of an electronic printout. If this insurance contract is the distance insurance contract, then the provisions of paragraphs 8.6, 8.7, 8.8, and 8.9 of this insurance contract shall apply not only to new insurance contracts but also to this insurance contract.

1.6. **Insurance policy/policy** – a written document or an electronic printout, which verifies the conclusion of the insurance contract. The insurance policy may verify the conclusion of such insurance contract under which several motor vehicles are insured. If the insurance policy is the verification of the conclusion of the insurance contract for several motor vehicles, then the termination of effectiveness of the insurance contract or the declaration of it being invalid with respect to a motor vehicle shall not affect the effectiveness and validity of the insurance contract in regard to the other motor vehicles, unless otherwise stated in the notification on the termination of the effectiveness of the insurance contract or the declaration of it being null and void.

1.7. **Policy of the insurance object** – a written document or an electronic printout, which verifies the conclusion of the insurance contract for a specific motor vehicle.

1.8. **Sum insured** – the amount of money specified in the insurance contract, for which the motor vehicle is insured, or, if specified by the insurance contract, market value of the vehicle at the moment of the occurrence of the insured risk as described in the paragraph 1.16 of these Terms and Conditions.

1.9. **Insurance event** – an event having a causal relationship with the insured risks, upon the occurrence of which the disbursement of the insurance indemnity shall be due under the insurance contract.

1.10. **Insurance premium** – the payment for the insurance coverage provided for under the insurance contract.

1.11. **Insured risk** – an event specified in the insurance contract, which is beyond the will of the insured person and the occurrence of which is possible in the future.

1.12. **Insured interest** - interest not to suffer losses upon the occurrence of the insured risk.

1.13. **Insurance indemnity** – the money payable for the insurance event or the expenses for the services to be provided.

1.14. **Insurance claim application** – a notification of the occurrence of the insured risk, by phoning the insurer at the specified number or by completing and submitting the insurance claim application form through the insurer's website. At the request of the insured, the insurer shall be obliged to submit the insurance claim application previously submitted by phone or via the internet in writing, as well, by completing and submitting the insurance claim application form to any of the branches of the insurer.

1.15. **Total loss** – the condition of a motor vehicle after the insurance event if in the opinion of the insurer or the experts involved by the insurer it is technically impossible to repair the vehicle or it is not economically justified to restore it, as well as in all such cases when the anticipated indemnity exceeds 80% of the market value of the motor vehicle on the day of the occurrence of the insurance event.

1.16. **Market value** – the amount of money for which a vehicle of the respective make, model, year of built and assembly as at the moment of the occurrence of the insured risk can be sold in the internal market of the Republic of Latvia, assuming both parties of the deal have expressed an unsolicited desire to carry out such a transaction in line with their best economic interests. Market value is adjusted, taking into account technical parameters, accessories, mileage, depreciation, type of usage and other relevant parameters of the insured vehicle.

1.17. **Lease** – awarding of the rights to use the vehicle to a person at a charge for a term not exceeding six months. For the purpose of these Terms and Conditions, the legal relationship between the owner of the motor vehicle and the holder of the motor vehicle registered as the holder of the vehicle in the registration card at the time of the conclusion of the insurance contract shall not be regarded as lease.

1.18. **Deductible (own risk)** – a part of the insurance indemnity expressed in monetary terms or as a percentage, which is deducted from the insurance indemnity in the cases provided for in the insurance contract and not compensated for by the insurer.

1.19. **Motor vehicle owner** – a natural person or a legal entity who has ownership title to the vehicle and whose ownership title to the motor vehicle is registered in the public register.

1.20. **Authorized user of motor vehicle** – the owner or a person who uses the vehicle with the owner's permission on the basis of a power of attorney, lease, leasing or another agreement.

1.21. **Holder of the motor vehicle** – a natural person or a legal entity who is using a motor vehicle owned by another person on a legal basis (rental, lease or lending contract, etc.) and is registered in the registration card of the motor vehicle as its holder at the moment of the conclusion of the insurance contract. For the purpose of these Terms and Conditions, a person who uses the motor vehicle on the basis of a service or employment relationship shall not be regarded as the holder of the motor vehicle.

1.22. **Third party** – any natural person or a legal entity, which is not among the persons who have concluded this insurance contract and/or assumed the obligations to perform the provisions of this insurance contract.

1.23. **Security system** – any mechanical or electronic device aimed at preventing or deterring unlawful driving away of the

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vehicle, getting into the vehicle or stealing articles from the vehicle. Under these Terms and Conditions, a security system is also a device which allows tracking of a stolen vehicle by using radio waves, GPS signal or other remote monitoring technologies.

1.24 Profitability / bonus - the level of discounts or additional payments determined by the insurer based on the insurance history of the policyholder and/or the insured object and used as a basis by the insurer for determining the amount of the insurance premium.

2. Insurer's liability

2.1. The insurance contract provides rights to receive the insurance indemnity in the cases specified in the insurance contract if the insured motor vehicle is used by the authorized user of the motor vehicle.

2.2. The insurance contract is concluded based on the information provided by the policyholder.

2.3. Insurance coverage shall be effective in Albania, Andorra, Austria, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Cyprus, Denmark, Estonia, Finland, France, Germany, Great Britain, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Macedonia, Malta, Moldova, Monaco, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, Russia in its European part, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Ukraine and the Vatican (unless the policy states otherwise).

3. The insurance object

3.1. The insurance object is the motor vehicle and the additional equipment specified in the insurance contract, provided the additional equipment is specified in the insurance application. Several motor vehicles can be insured under a single insurance contract.

3.2. Additional equipment is in-built equipment, systems and accessories, which is/are installed or inbuilt in the vehicle at the moment of the occurrence of the insured event and which are specified in the insurance application (e.g., audio/video equipment, advertising labels, alloy disks, design elements, etc.). Systems and accessories which are installed in the vehicle at the vehicle manufacturing plant or installed by the authorized dealer service of the vehicle manufacturer before the first registration of the vehicle, shall not be considered additional equipment for the purpose of these Terms and Conditions.

3.3. The total sum insured of the additional equipment specified in the insurance application, including the audio/video equipment shall be capped at 20% of the sum insured of the motor vehicle.

3.4. Additional equipment includes child seats, roof rack anchorage systems, roof boxes, holders and platforms. The total amount of insurance indemnity (indemnities) for the additional equipment specified in this paragraph shall not exceed EUR 250 during the validity term of the policy.

3.5. The equipment installed without complying with the safety requirements and/or the provisions of the legislative enactments of the Republic of Latvia shall not be regarded as additional equipment, and it is not insured under these Terms & Conditions.

3.6. The insurance coverage for the training, rental, operative and public transport vehicles, dangerous cargo carriers, the vehicles used for the performance of security operations and/or in order to provide security services and for any type of taxis shall be valid only if the use of the motor vehicle for the respective purpose is specified in the insurance application and

a respective reference has been made in the special conditions of the policy by specifying a concrete type of the use of the motor vehicle therein.

4. The risks insured

4.1. **Damage** caused to the motor vehicle:

4.1.1. While it participates in the road traffic (in the Republic of Latvia under the Road Traffic Law), if the following has occurred:

4.1.1.1. Collision with another motor vehicle;

4.1.1.2. Collision with an obstacle, including hitting a pothole;

4.1.1.3. Toppling over of the motor vehicle while driving, a fall (from a bridge, etc.);

4.1.1.4. Sinking and/or breaking into ice which has directly resulted from a road traffic accident;

4.1.1.5. Running over a person or an animal;

4.1.2. Due to the impact of animals, birds (except for the damage of the interior of the motor vehicle);

4.1.3. Due to open fire, including impact from electrical short circuit, smoke, soot and fire-fighting actions;

4.1.4. Due to explosion;

4.1.5. Due to natural disasters, which include only the following risks: storm (wind speed exceeding 17.1 m/s or Beaufort number 8 or greater), flood, lightning, hail, earthquake, avalanche, and landslide;

4.1.6. Impact of falling objects;

4.1.7. If third party deliberately or negligently damages or destroys the insured vehicle, except for the risks provided for under paragraphs 4.2.1. to 4.2.3.

4.2. **Theft**, which for the purpose of these Terms and Conditions is:

4.2.1. An open or disguised hijacking of the insured motor vehicle. In the event of a loss or theft of the keys of the vehicle or the remote control panels or keys of the security system, 50 % of the losses in respect of the stolen motor vehicle shall be compensated for, irrespective of the circumstances and reasons of the theft or loss thereof;

4.2.2. Hijacking of the insured motor vehicle if this has been related to violence or threats of violence (hijacking);

4.2.3. The damage caused to the insured object as a result of entering (breaking) into it and/or stealing of articles from the motor vehicle, as well as the damage caused to the motor vehicle during the period the motor vehicle was stolen in the meaning of paragraphs 4.2.1 or 4.2.2 hereof, and, if the motor vehicle has been found, until the moment when the motor vehicle is handed over for the disposal of the law enforcement entities or its authorized user.

4.3. **Stealing** for the purpose of these Terms and Conditions is theft of any parts of the vehicle which are inbuilt or installed in the vehicle.

4.4. The insured risks "theft", "stealing" and/or "damage" shall not include fraud, misappropriation, arbitrariness or racketeering and such risks are not covered under this insurance contract.

4.5. The insurance risks provided for in paragraph 4.1.7 and paragraphs 4.2.1 to 4.2.3 shall not include the cases when the policyholder, the insured person, the owner of the motor vehicle or the authorized user has himself/herself handed over the motor vehicle, its key or the control panel or the key of the security system to the person who caused damage to the motor vehicle or committed theft.

5. The additionally insured risks

5.1. The vehicle is insured against the occurrence of each of the following risks provided it is specified in the insurance policy:

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5.1.1. New value insurance coverage.

5.1.1.1. The new value insurance is the insurance of a motor vehicle for a value at which a new (previously not registered) motor vehicle has been purchased from an authorized dealer in the Republic of Latvia or in any Member State of the European Economic Area and which is specified in the purchase documents thereof.

5.1.1.2. The new value insurance coverage shall be valid as long as the insured motor vehicle is less than one calendar year old from the date of its first registration in the Road Traffic Safety Administration database.

5.1.1.3. Upon the occurrence of the total loss of the motor vehicle resulting from the risks provided for in paragraph 4.1, theft or hijacking in the cases provided for in paragraph 4.2, the insurer shall compensate for the damages in the amount of the sum insured specified in the policy from which the deductible appropriate to the risk and specified in the policy shall be withheld.

5.1.2. Roadside assistance according to the terms and conditions outlined in the appendix "Roadside assistance" of these Terms and Conditions.

5.1.3. Replacement car for the number of days specified in the insurance policy according to the terms and conditions outlined in the appendix "Replacement car" of these Terms and Conditions.

5.1.4. Insurance against hydro impact.

5.1.4.1. Under these Terms and Conditions, hydro impact is defined as damage to mechanical parts of the vehicle (engine, gearbox) directly caused by ingestion of water while participating in road traffic and entering deep puddles or other flooded places.

5.1.4.2. The insurance indemnity for damage from hydro impact shall not exceed EUR 3500, withholding the deductible described in paragraph 10.1 of these Terms and Conditions as specified in the insurance contract.

5.1.5. The insurer compensates the costs of replacement of vehicle keys and/or security remote controls in the event of these items being lost or stolen. This insurance coverage can be used only once during the validity term of the insurance contract.

5.1.6. The insurer compensates the costs of fuel system and engine internal cleaning only if the insured vehicle was refueled with the wrong type of fuel not specified by the manufacturer of the vehicle (petrol in place of diesel and vice versa). This insurance coverage can be used only once during the validity term of the insurance contract.

5.1.6.1. The insurer does not compensate the costs of any repairs needed to the engine, fuel tank and fuel system caused by refuelling the vehicle with the wrong type of fuel not specified by the manufacturer of the vehicle.

5.1.7. Personal property insurance.

5.1.7.1. The insurer compensates the costs of replacement or repair of personal property items belonging to the motor vehicle owner, authorized user of the vehicle or their family members, which were damaged, destroyed or stolen as a result of occurrence of risks described in paragraphs 4.1 and/or 4.3. of these Terms and Conditions while being carried in the vehicle insured.

5.1.7.2. Compensated under the paragraph 5.1.7.1. of these Terms and Conditions, personal property items shall include personal computers (excluding software and data stored in the PC), tablets (excluding mobile phones), photo cameras, outdoor and sports equipment (excluding weapons and ammunition).

5.1.7.3. The incurred losses to the personal property are compensated based on documents, such as purchase receipts, provided by the insured person, while applying the following additional conditions:

5.1.7.3.1. Personal computers, tablets and photo cameras – 25% depreciation per year;

5.1.7.3.2. Outdoor and sports equipment – 15% depreciation per year;

5.1.7.3.3. For any item, the depreciation shall not exceed 70% provided this item is in working order and is being used frequently;

5.1.7.3.4. Total insurance indemnity (indemnities) for losses to the personal property shall not exceed EUR 700 during the validity term of the insurance contract.

5.1.7.4. It is the responsibility of the insured person to show the damaged items or delegate the ownership rights of the damaged items to the representatives of the insurer if the insurer has requested it.

5.1.8. Vehicle repairs in authorized dealer repair shop. The damages incurred to the insured vehicle as a result of the occurrence of risks insured shall be repaired in the authorized dealer repair shop of the manufacturer of the vehicle, using new original spare parts.

5.1.9. Vehicle repairs in repair shop chosen by the insured person.

5.1.9.1. The damages incurred to the insured vehicle as a result of the occurrence of risks insured shall be repaired in the repair shop chosen by the insured person under the condition that the repair shop chosen is not an authorized dealer repair shop of any vehicle brand.

5.1.9.2. The insurance indemnity shall not exceed average costs of labour and spare parts as if the vehicle of the same brand, model and vehicle age was repaired in the repair shop partner network of the insurer, while also applying the conditions described in paragraph 9.2. of these Terms and Conditions.

5.1.10. The insurer compensates the costs of replacement of vehicle number plate and associated change of registration certificate in the event of number plate being lost or stolen. This insurance coverage can be used only once during the validity term of the insurance contract.

5.1.10.1. The incurred costs are compensated based on documents provided by the insured person, which confirm the number plate has been officially replaced by the Road Traffic Safety Directorate.

5.1.10.2. The following losses are not compensated:

5.1.10.2.1. Lost or stolen number plate with a non standard number/letter combination.

5.1.10.2.2. Costs of Road Traffic Safety Directorate service „Choice of vehicle number plate”.

6. Rights and obligations of the policyholder, the insured person, the owner of the motor vehicle, and the authorized user of the motor vehicle:

6.1. The policyholder, the insured person, the owner of the insured motor vehicle, and the authorized user of the motor vehicle shall:

6.1.1. Upon conclusion of the insurance contract:

6.1.1.1. Provide true information the insurance application regarding the object to be insured and the users of the motor vehicle;

6.1.1.2. Upon the insurer's request present the object to be insured for inspection by the insurer;

6.1.1.3. Inform the insurer's representative about all factors that affect the likelihood of the occurrence of the insured risk. Should the policyholder doubt the effect of any factor, he or she shall consult with the insurer;

6.1.1.4. Inform the parties involved in the performance of the insurance contract about the existence of the insurance contract and the Terms and Conditions thereof;

6.1.2. During the validity term of the insurance contract:

6.1.2.1 Inform the insurer immediately about other effective insurance contracts relating the same insurance object;

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6.1.2.2. Inform the insurer immediately about the change of the owner and/or holder of the motor vehicle and any encumbrances;

6.1.2.3. Inform the insurer immediately about the changes of the ways of the use of the motor vehicle where the motor vehicle is being started used differently than specified in the insurance application;

6.1.2.4. Inform the insurer immediately about the changes concerning the insurance contract, the insurance object or the authorized users of the motor vehicle (risk increase, changes in the security systems and additional equipment, replacement of the motor vehicle's registration card or licence plate number, handing over of the motor vehicle to a third party for sale, and other conditions that differ from those specified in the insurance application and/or the policy);

6.1.2.5. Inform the insurer immediately on the lease of the motor vehicle;

6.1.2.6. Upon leaving the motor vehicle lock it, close its windows, and turn on all the security systems installed in the vehicle;

6.1.2.7. Upon the insurer's request present the motor vehicle to the insurer at the place and time specified by the insurer;

6.1.2.8. While operating motor vehicle equipped with a tachograph device, comply with the AETR requirements and the applicable legislative enactments of the European Union, its Member States and/or Republic of Latvia establishing the requirements of driver's working and rest time, and the usage of vehicle speed and travel distance controlling/recording devices.

6.1.2.9. The policyholder and the insured person shall notify the insurer in a written form about any changes in the information concerning the policyholder and the insured person's contact telephone numbers, contact addresses, and contact persons, as well as other information necessary for the fulfillment of the insurer's contractual obligations.

6.1.3. Upon the occurrence of the insurance event:

6.1.3.1. To notify immediately:

6.1.3.1.1. The police about a road traffic accident except the following situations:

6.1.3.1.1.1. Vehicle is the only involved object in the accident, no property belonging to third parties is damaged and neither there are any injured persons;

6.1.3.1.1.2. If no more than two motor vehicles are involved in the accident, no people have been injured, no property of third parties is damaged, no such damages are caused to the motor vehicles due to which they would be unable or forbidden to drive under the Road Traffic Rules, and if the drivers of the vehicles manage to agree upon all the relevant facts of the accident, draw up the Agreed Statement and submit it to the insurance company or the Motor insurer's Bureau of Latvia in the cases provided for in the legislative enactments;

6.1.3.1.1.3. The windscreen and/or the headlight glass is damaged.

6.1.3.1.2 The State Fire Fighting and Rescue Service and the police about a fire or an explosion;

6.1.3.1.3. The police about a theft of car, theft from car, theft attempt or another unlawful act of a third party;

6.1.3.1.4. The municipal police or other competent authority - about the impact of falling objects;

6.1.3.2. To take immediate measures for salvaging the motor vehicle in order to prevent and/or reduce further losses;

6.1.3.3. Without delay, as soon as reasonably practicable, to notify the insurer about the occurrence of the insurance event and to submit in person the insurance claim application in writing to the insurer in person. If due to objective reasons the insurance claim application cannot be submitted in person, it shall be submitted by the family members of the policyholder or the authorised user of the motor vehicle or an authorized person in writing, by completing and submitting the insurance claim application form to any of the branches of the insurer.

6.1.3.4. Before receiving the insurance indemnity, the policyholder or the authorized user of the motor vehicle shall, upon the insurer's request, hand over to the possession of the insurer the parts damaged during the insurance event and replaced during repairs;

6.1.3.5. In the event of theft of the audio/video equipment - to hand over the removable front panel of the audio/video equipment specified in the insurance application to the insurer;

6.1.3.6. To present to the insurer the insured motor vehicle or the damaged parts or remains of the insured additional equipment of the motor vehicle;

6.1.3.7. Not to undertake repairs or utilization of the motor vehicle without the insurer's written consent;

6.1.3.8. To preserve the motor vehicle and its remains in the same condition as after the road accident – until the insurer's appointed expert inspects it;

6.1.3.9. To submit (to present) to the insurer the documents, evidence and information that verify the facts, the circumstances of origination and the extent of the losses which are specified in paragraph 9.7, as well as to perform other duties imposed by the insurer related to the determining of the circumstances of the insurance event and the amount of losses;

6.1.3.10. When operating the motor vehicles equipped with a tachograph device in the event of any damage, the policyholder shall hand over to the insurer the tachograph disc or the digital tachograph printout, which has been in the tachograph of the damaged motor vehicle at the moment of the accident, as well as the tachograph discs and the digital tachograph printout for the previous 24 hours;

6.1.4 To notify the insurer immediately in the event of loss, theft or hijacking of the motor vehicle's keys, the control units and the keys of the security systems, to take additional security measures (not to leave the motor vehicle unattended or have it moved to a closed and guarded parking place), and to replace the motor vehicle's locks, keys, as well as the control units and keys of the security systems at the expense of the policyholder;

6.1.5. To notify the insurer immediately upon the replacement or making duplicates of the motor vehicle's keys, security systems, and/or their control units and/or keys;

6.1.6. No later than within 3 (three) working days after the occurrence of the motor vehicle's theft – to submit to the insurer the motor vehicle's registration documents, all keys of the motor vehicle and the remote control units and keys of the security systems specified in the insurance application, by signing the acceptance-conveyance statement. The provisions of this paragraph shall not be applied if the respective article or document is with the state police or; upon the occurrence of the insured risk specified in paragraph 4.2.2 (hijacking); if theft of the motor vehicle's respective registration documents and/or ignition keys, and/or the control unit of the security systems and/or their key occurred during the hijacking of the motor vehicle, due to which the submission of the respective documents or articles to the insurer is impossible.

6.2. If the road accident has occurred in the country which is a Member State to the "Green Card System" Convention, and if the road accident was caused by a third party, then written information concerning the civil liability insurance of the motor vehicle which caused the road accident shall be ascertained and submitted to the insurer (the name and address of the insurance company, the policy number).

6.3. The insured person shall refund the received insurance indemnity or a part thereof to the insurer:

6.3.1. If, after the disbursement of the insurance indemnity, the facts are established which prove that the disbursement of the insurance indemnity or a part thereof was unsubstantiated or the disbursement of the indemnity does not comply with the provisions of the insurance contract or to the requirements of legislative enactments;

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6.3.2. If the policyholder or the insured person has provided to the insurer, of malicious intent or due to gross negligence, false information concerning the insured object or the circumstances of the occurrence of the insured risk;

6.3.3. If the stolen motor vehicle and (or) parts thereof and additional equipment have been returned to its owner;

6.3.4. If a third party has compensated for the loss.

6.4. The recipient of the insurance indemnity shall refund the expenses related to the determination of the circumstances of the origination of the loss and amount thereof if the policyholder or the insured person has provided to the insurer, of malicious intent or due to gross negligence, false information concerning the circumstances of the occurrence of the insured risk.

6.5. The policyholder shall have the rights:

6.5.1. Upon the conclusion of the insurance contract – to obtain explanation concerning its operation;

6.5.2. Upon the submission of the insurance claim application to request the inspection of the damaged motor vehicle within 3 (three) business days;

6.5.3. Upon the loss or destruction of the policy request and obtain a duplicate of the policy.

6.5.4. Upon the submission of the insurance claim application – to obtain the insurer's written notification concerning the decision adopted pursuant to the procedure provided for in the insurance contract.

6.6. If, after the disbursement of the insurance indemnity for the theft of a motor vehicle, the insured motor vehicle is found, then the owner of the motor vehicle shall assume one of the obligations provided for in paragraphs 6.6.1 or 6.6.2 of these Terms and Conditions, notifying the insurer in writing about his or her decision no later than within 7 (seven) calendar days from the day when the fact that the motor vehicle has been found has come to the knowledge of the insured person's or the owner of the motor vehicle, respectively:

6.6.1. No later than within 30 (thirty) days from the day when the fact that the motor vehicle has been found has come to the motor vehicle owner's knowledge – either to hand over the found motor vehicle and to transfer the ownership title to it to the insurer, performing all of the required procedures established by the legislative enactments for the persons disposing of motor vehicles in order to hand over the motor vehicle and to transfer the ownership title to it to the insurer and to register the insurer's ownership title to the motor vehicle, or
6.6.2. Refund the disbursed insurance indemnity to the insurer no later than within 30 (thirty) days from the day it came to the knowledge of the motor vehicle owner that the motor vehicle has been found.

7. Exceptions

7.1. Under this insurance contract, in the event of the damage or destruction of the motor vehicle (paragraph 4.1 hereof) the insurer shall not compensate for the losses incurred:

7.1.1. If the motor vehicle is used in any type of competition – during the time and venue of the competition or training;

7.1.2. When driving the vehicle or teaching another person to drive while being under the influence of alcoholic drinks or narcotics, psycho-toxic or other intoxicating substances or after use of such medications, which reduce the driver's speed of reaction and attention, in accordance with the legislative acts of that administrative territory where the insurance event has occurred. The insurer shall not cover the losses incurred if the driver of the insured motor vehicle uses alcoholic drinks or narcotics, psycho-toxic or other intoxicating substances after the road accident until the inspection measuring the alcohol concentration in blood or impact of narcotic or other intoxicating substances is carried out, or until the release from such an inspection under the procedure provided for in the law. The insurer shall not compensate for the losses incurred if the driver

of the insured motor vehicle refuses the examination for the purpose of determining alcohol concentration in the blood or impact of narcotic or other intoxicating substances after the road accident;

7.1.3. When driving the motor vehicle without having a driving licence for the particular category of the motor vehicle;

7.1.4. If the motor vehicle is operated disobeying the manufacturer's instructions and vehicle operation manuals;

7.1.5. Upon violating the provisions of the AETR agreement or the applicable legislative enactments of the European Union, its Member States and/or Republic of Latvia, which establish the requirements of driver's working and rest time, and the usage of vehicle speed and travel distance controlling/recording devices.

7.1.6. Driving during training if this is not arranged for in accordance with the effective Road Traffic Rules on training driving;

7.1.7. If water gets into the electric and/or mechanical units and/or sets of the motor vehicle (the engine, transmission, gearbox, etc.) if such damage has not been caused by the risks provided for under paragraph 4.1 hereof;

7.1.8. When repairing the motor vehicle or any part thereof or during the period when the motor vehicle is handed over for its repairs or maintenance and/or washing is carried out, etc.; Losses are compensated if vehicle was handed over to an authorized repair partner of the insurer for repairing the damage incurred in an insurance event. The list of partners of the insurer is available on the website of the insurer.

7.1.9. During the carriage of the motor vehicle, except if it was carried by ship or by ferry.

7.1.10. Under the influence of weather conditions (i.e. corrosion, cracking caused by freezing), worsening of the operational qualities of the motor vehicle, natural wear and tear, as well as impairment of the value of the motor vehicle quality due to repairs thereof;

7.1.11. Damages caused due to and as a result of technical defects, repairs of substandard quality, lack of lubricants or other liquids in the systems, sets and units;

7.1.12. As a result of ionized radiation;

7.1.13. When driving a motor vehicle with full weight up to 3.5 tons at a speed, which exceeds the maximum permitted driving speed according to the Road Traffic Rules by 30 km/h and more;

7.1.14. when driving a motor vehicle with full weight above 3.5 tons at a speed, which exceeds the maximum permitted driving speed according to the Road Traffic Rules by 20 km/h and more;

7.1.15. When moving (driving) disregarding the Road Traffic Rules, which prohibit the operation of motor vehicles;

7.1.16. When moving (driving) a motor vehicle which has been fitted with the tires that do not comply with the requirements laid down by the manufacture thereof or the Road Traffic Rules, including if during the period from 1 December to 1 March the vehicle has not been fitted with the tires that are appropriate for winter conditions and / or during that period the vehicle has been used with a spare wheel of a reduced-size, and / or the insured motor vehicle has been used with a spare tyre of normal size, however, the size of the disc of the spare wheel does not match the sizes of the rest of the wheels of the motor vehicle.

7.1.17. From the cargo that was loaded onto the motor vehicle specified in the policy, on it or in the trailer attached to it, if such damage has not been caused by the occurrence of the risks provided for in paragraph 4.1.

7.1.18. Upon the damage or loss of the removable front panel of the audio/video equipment, if such losses are not resulting from insured risks provided for in paragraph 4.1.

7.1.19. Due to the repairs of the audio/video equipment, if such losses are resulting from the occurrence of the insured risks

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provided for in paragraph 4.2.3, and the removable front panel of the audio equipment is not presented to the insurer.

7.1.20. In territories, which are not envisaged for traffic.

7.1.21. Upon the occurrence of the risks provided for in paragraph 4.1 when the motor vehicle was under unlawful possession, but was not insured against the risk of theft;

7.1.22. At the time when the motor vehicle has been admitted improper for safety requirements of road traffic or dangerous for being used at the state roadworthiness test, or the roadworthiness test has not been performed except if the road traffic accident was caused by a third party or third party committed an unlawful act by damaging the vehicle;

7.1.23. To chameleon paint, adhesive molding tape or other non-standard coating of the vehicle body which has not been applied by the vehicle manufacturer.

7.2. Under this insurance contract, in the event of vehicle theft, robbery and stealing of articles from it (paragraph 4.2 hereof) the insurer shall not compensate for the losses incurred:

7.2.1. Upon the occurrence of the risks provided for in paragraph 4.2 during the period when the motor vehicle was not equipped with the security system approved by the insurer or the said security system was out-of-order.

7.2.2. Due to theft of not built-in audio equipment or its parts.

7.2.3. If an individual (ordered) state registration plate has been stolen.

7.2.4. Due to theft of a trailer or semi-trailer of the motor vehicle, if the event has occurred at the time when the said trailer or semi-trailer was not attached in tow to the motor vehicle or has not been located in a circumferentially confined, guarded territory.

7.2.5. For the insured person, if at the moment of conclusion of the insurance contract, the insured motor vehicle was on search by any structural unit of the Ministry of the Interior of the Republic of Latvia and/or is registered as stolen or hijacked at any insurance company and/or information data base created by the insurer(s) of the European Union.

7.3. Under this insurance contract, the insurer shall not compensate for the losses, which have occurred:

7.3.1. During the time when the motor vehicle was leased out if no special reference to that has been made for in the policy;

7.3.2. Due to malicious intent or criminal act of the authorized user motor vehicle or his or her family members or employees; The following shall be considered the family members of the policyholder, the insured, the owner of the motor vehicle and the authorised user of the motor vehicle: the spouse, relatives and in-laws, up to the third degree and up to the second degree, respectively, the members of the foster family, guardians and wards.

7.3.3. Resulting from war, invasion, acts of a foreign enemy (whether the war is declared or not), riot, revolution, civil unrest, terrorism, military or usurped power and arrest, administrative decision, etc. of any state authority, etc.

II CONCLUSION AND VALIDITY OF INSURANCE CONTRACT

8. Conclusion of the insurance contract, validity and terms of the payment of the insurance premium:

8.1. The validity term of the insurance contract shall be one year, unless the policy provides for otherwise. The validity term of the insurance contract shall be specified in the policy.

8.2. The insurance contract shall be effective during the validity term specified in the policy and shall be concluded based on the information provided by the policyholder.

8.3. The insurance contract shall become effective on the day of the payment of the insurance premium or the first instalment of the insurance premium, unless the policy provides otherwise.

8.4. If under the insurance policy the insurance premium or the first instalment thereof is due for the payment after the insurance contract becomes effective, and then - upon the payment of the insurance premium or its first instalment within the term specified in the insurance policy, the insurance contract shall be effective as of the day of its enactment specified therein.

8.5. The policyholder shall pay the insurance premium or its first instalment to the insurer within the due dates specified in the insurance policy.

8.6. If the insurer has not received the first instalment of the insurance premium within the term specified in the insurance policy, the insurance contract shall not become effective.

8.7. If the insurance premium or its first instalment is paid after the term specified in the insurance policy, the insurer shall be entitled to refund the paid insurance premium or its first instalment. In such a case the insurer shall, within 10 business days of the day of the payment of the insurance premium or its first instalment, refund the received insurance premium or its first instalment or send a request to the policyholder asking to notify the insurer on the kind of the refund of the insurance premium or its first instalment.

8.8. Should the insurer fail to refund the insurance premium or its first instalment within the term specified in paragraph 8.7 or fail to send the request referred to in paragraph 8.7 to the policyholder, the insurance contract shall be effective as of the day of its effectiveness as specified in the insurance policy.

8.9. If the insurance premium or its first instalment is paid after the term specified in the insurance policy or the term for the payment of the first instalment and the insured risk has occurred until the particular day, it shall be deemed that the insurance contract has not become effective and the insurer shall be obliged to notify the policyholder on the invalidity of this contract and to refund the paid insurance premium or its first instalment within 10 business days, or to send a request asking to notify the insurer on the kind of the refund of the insurance premium or its first instalment.

8.10. If the insurance premium specified in the insurance policy is not fully paid, the insurer shall be entitled to terminate the insurance contract under paragraphs 8.11 to 8.13 of these Terms and Conditions.

8.11. Before the termination of the insurance contract, the insurer shall send a written notification to the policyholder regarding an incomplete payment of the insurance premium, demanding to pay the insurance premium in accordance with the Terms and Conditions of the insurance contract and specifying the term of the payment of the insurance premium and the potential consequences of non-payment.

8.12. If an insurance event occurs within the term of the payment of the insurance premium specified in the notification, the insurer shall disburse the insurance indemnity, if the insurance premium is paid within the term and in the amount of the insurance premium specified in the notification.

8.13. Should the policyholder fail to pay the insurance premium within the specified term for the payment of the insurance premium in the specified amount, the insurance contract shall be considered terminated, unless the insurer provides for otherwise in the notification.

8.14. If the insurance premium is paid by a bank transfer, it shall be deemed that the payment date is the date when the insurer has received the respective payment in the bank account specified by the insurer.

8.15. The insurer shall be entitled to propose to the policyholder the conclusion of a new insurance contract by sending to the policyholder a written insurance application together with an invoice for the payment of the insurance premium or a part thereof. If the insurer proposes the conclusion of the new insurance contract on the provisions which are not different from the provisions of the effective insurance contract for the

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respective insurance object, the no provisions shall be enclosed to the insurance contract.

8.16. If the policyholder pays the invoice referred to in paragraph 8.15 of this insurance contract within the term specified therein, then:

8.16.1. Payment of the insurer's invoice shall be the policyholder's unconditional consent to the conclusion of the new insurance contract in accordance with the insurer's proposal.

8.16.2. The insurer's written insurance proposal submitted to the policyholder shall be acknowledged as the insurance policy and the policy (policies) of the insurance object, verifying the conclusion of the new insurance contract.

8.16.3. The payment of the invoice presented by the insurer shall be the policyholder's acknowledgement that all the information specified in the insurance application and the insurance policy is true.

8.16.4. The new insurance contract shall become effective on the day as specified in the written insurance proposal;

8.16.5. In addition to the integral parts specified in the new insurance policy, the policyholder's written insurance application for the previous written insurance contract shall also become an integral part of the new insurance contract. The policyholder shall be obliged to notify the insurer in writing of any changes in the information provided in the insurance application which is an integral part of the insurance contract.

8.17. The invoice provided for in paragraph 8.15 of this insurance contract is considered to be paid on the day when the insurer has received the sum specified in the invoice either in the bank account specified in his invoice or in cash.

8.18. If the policyholder has not paid the invoice provided for in paragraph 8.15 of this insurance contract by the term specified therein, then the insurer's proposal becomes invalid on the day following the day when the term for the payment of the invoice provided for in paragraph 8.15 of this insurance contract expires.

8.19. The insurer and the policyholder may conclude the insurance contract also by mediation of the insurer's catalogue, advertisement published in the press with the order coupon attached, telephone, fax machine, the internet, electronic mail, television, radio, and other means of sending and transmitting the information.

III THE INSURANCE INDEMNITY AND THE PROCEDURE OF ITS DISBURSEMENT

9. Determining and disbursement of the insurance indemnity

9.1. In the event of theft (except for stolen articles) and total loss:

9.1.1. if sum insured in monetary terms is shown on the policy, the insurance indemnity shall be determined by reducing the sum insured by the depreciation of the motor vehicle, i.e., 1% (one per cent) for each full month, as well as by the amount of the deductible specified in the policy;

9.1.2. in all other cases, including if insurance indemnity calculated under to paragraph 9.1.1. exceeds the market value of the insured vehicle on the day of the occurrence of the insurance event, the insurer shall be entitled to replace the stolen, hijacked or totally lost motor vehicle with a vehicle of the same make, model, year of built and assembly or compensate for the loss in monetary terms by calculating the insurance indemnity so that the deductible specified in the policy is deducted from the actual value of the motor vehicle on the day of the occurrence of the insurance event.

9.1.3. If the insurer replaces the motor vehicle with an equal one, then the motor vehicle owner shall pay the amount which corresponds to the deductible specified in the policy. If the

motor vehicle owner is unwilling to pay this amount, the motor vehicle the value of which is lower by the amount of the deductible shall be bought.

9.1.4. Before the disbursement of the insurance indemnity the motor vehicle which is declared totally lost shall be handed over to the insurer at its request. It is the responsibility of the owner of the vehicle to carry out all the necessary registration/transfer actions to the insurer or third party indicated by the insurer. If the owner disagrees to that or refuses to carry out the activities related to the transfer of the motor vehicle, the insurance indemnity shall be calculated according to paragraphs 9.1.1. – 9.1.2., additionally withholding any expenses incurred by the insurer by making the necessary vehicle registration/transfer actions.

9.1.4.1. If the vehicle which is declared totally lost is situated outside of territory of Republic of Latvia, the salvage value of the vehicle is determined according to its value in the Republic of Latvia.

9.2. In the event of damage or stolen articles:

9.2.1. The insurer shall cover such repair expenses to restore the motor vehicle to a condition comparable to its condition before the occurrence of the respective insurance event.

9.2.1.1. The insured person shall be entitled to adopt a decision on the matter of directly covering the repair expenses or the disbursement of the insurance indemnity in cash based on the invoice of the repairer approved by the insurer (calculation, etc.) or the expert opinion.

9.2.1.2. In the event of theft of any parts built in or installed in the motor vehicle, save for the additional equipment, the insurer shall only ensure direct payment for the repair costs.

9.2.1.3. The insurer approves the repair of motor vehicles which are no more than 3 years old carried out at the authorized dealer's repair shop. In other cases vehicles are repaired in repair shops of the insurer's partner network, the list of which is available on the website of the insurer except cases where different conditions are stated in the policy.

9.2.2. In case vehicle tyres are damaged/stolen, irrespective if these are the only incurred losses, the insurer shall compensate the losses so that on a single axis of the vehicle tyres of similar tread are mounted. The depreciation of the tyres shall be determined using technical expertise methodology of the compulsory motor third party liability insurance. This condition is applied if no identical tyre to the damaged/stolen tyre is offered to be bought in the market.

9.2.3. In case of theft or damage of the additional equipment the insurance indemnity for the damaged or stolen additional equipment shall either be paid by the insurer in cash, or the repair expenses shall be covered solely for the damaged or stolen articles. The total insurance indemnity for additional equipment in the event of theft or damage shall be capped at 20% of the sum insured.

9.2.4. The disbursement of the insurance indemnity by money transfer or bank cheque shall not include any taxes;

9.2.5. If the repairs of the insured vehicle arising in the event of the insurance event are performed outside the Republic of Latvia, the insurer shall pay for the repairs based on the invoice (a calculation, etc.) issued by a repair shop registered in the Republic of Latvia and approved by the insurer except cases where different conditions are stated in the policy.

9.2.6. Prior to receiving the insurance indemnity for the damaged motor vehicle or starting the repairs of the damaged motor vehicle, the motor vehicle owner or his authorized representative shall pay an amount equal to the deductible as specified in the insurance policy;

9.2.7. The insurer shall pay the invoice issued by the approved repair shop or a trade company if an agreement is reached between the insurer and the insured person on using the services rendered by the above mentioned companies.

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9.2.8. If the agreement on using the services rendered by the repair shops and/or trade companies referred to in paragraph 9.2.7 has not been reached, then the insurer shall calculate the amount of the insurance indemnity in accordance with the technical expertise methodology of the compulsory motor vehicle third party liability insurance.

9.3. Transportation and rescuing costs as well as expenses related to the parking the motor vehicle on the road shall be compensated by the insurer within the amount of the sum insured, capped at 5% of the sum insured for each insurance event in relation to the aggregate losses referred to in this paragraph:

9.3.1. If transportation of the motor vehicle is necessary due to the damages caused by the occurrence of the insurance event – for carrying the motor vehicle to the nearest repair shop or a parking place;

9.3.2. In the event of theft of the motor vehicle - the expenses which are related to the carrying of the motor vehicle to the address of the insured specified in the policy or the repair shop.

9.3.3. Cargo loading and unloading costs.

9.4. If at the moment, when the insurance indemnity is paid, the policyholder has not paid the full insurance premium, then the insurer shall be entitled to withhold or demand the payment of the outstanding part of the insurance premium irrespective of whether the payment term has set in.

9.5. The insurer shall adopt a decision on the disbursement or non-disbursement of the insurance indemnity in the event of the damage, stealing of articles from the motor vehicle or the destruction thereof within 7 business days from the day of the receipt of all required documents. If the insurer cannot comply with this term due to objective reasons, the insurer may extend the term for the period of up to six months from the day of the receipt of the insurance claim application, by notifying the person who is entitled to receive the insurance indemnity to that effect in writing. The insurer shall adopt the decision referred to in this paragraph immediately or no later than within 1 business day from the day of the receipt of the written insurance claim application if all of the following conditions have been complied with:

9.5.1. The amount of the insurance indemnity does not exceed EUR 1500 and repairs are carried out at the repair shop designated by the insurer pursuant to paragraph 9.2.2.

9.5.2. The documents specified in paragraph 9.7.2, if such exist, shall be submitted along with the insurance claim application.

9.5.3. The documents specified in paragraphs 9.7.3 and 9.7.4 shall not be required for the decision-making.

9.6. The insurer shall adopt a decision on the disbursement of the insurance indemnity in the case of theft (except pilferage), or refusal to disburse the insurance indemnity – if the motor vehicle is not found within one month from the day of the receipt of the insurance claim application – within 7 business days from the day of the receipt of all required documents, but not earlier than after one month from the day of the receipt of the insurance claim application. If the insurer cannot comply with the said term due to objective reasons, the insurer may extend it for the period of up to six months from the day of the receipt of the insurance claim application, by notifying the person who is entitled to receive the insurance indemnity to that effect in writing.

9.7. The documents which are necessary to adopt a decision on the disbursement of the insurance indemnity or refusal to disburse the insurance indemnity:

9.7.1. The written insurance claim application of the policyholder, the insured person, motor vehicle owner, the authorized user of motor vehicle or the driver of the motor vehicle and explanations on the actual circumstances of the occurrence of the insured risk and the consequence caused by it;

9.7.2. Certificates and/or protocols (minutes) of competent institutions, and/or the agreed statement, which includes the agreement with the other driver of the motor vehicle involved in the road traffic accident on all material circumstances of the accident;

9.7.3. If necessary, the expert opinion about the respective areas, opinion about the risk occurrence or its consequences, road traffic accident records/minutes, certificates issued by courts or a prosecutor's office maybe additionally requested for submission;

9.7.4. Other documents required by the insurer which are related to the occurrence of the insurance risk and/or its consequences.

9.8. The insurer shall disburse the insurance indemnity to the insured in the event of damages and losses within 3 (three) business days after the adoption of the decision regarding the insurance indemnity. The insurer shall disburse the insurance indemnity to the insured in the event of theft (except for stealing of articles) of the motor vehicle within 7 (seven) business days after the adoption of the decision regarding the insurance indemnity.

9.9. If the policyholder or insured person has damaged or destroyed the insured vehicle and if there is an administrative or criminal case opened because of these actions, the insurer shall make the decision of disbursement of insurance indemnity only after the insurer has received an official notification confirming the end of investigation, judgment of the court or decision of closing the administrative or criminal case.

10. The deductible

10.1. The deductible for any insured risk specified in paragraph 4.1 (except in the event of a total loss) shall be expressed in monetary terms and/or as a percentage of the amount of insurance indemnity and shall be specified in the insurance policy.

10.2. The deductible in the event of theft and a total loss shall be expressed as a percentage of the amount of the insurance indemnity and shall be specified in the insurance policy.

10.3. Other risks insured and/or additionally insured risks can have different deductibles which shall be expressed in monetary terms and/or as a percentage of the amount of insurance indemnity and shall be explicitly specified in the insurance policy

10.4. When determining the insurance indemnity in the event of damage or a total loss, the deductible of the customer shall not be withheld if the damages to the motor vehicle resulting from a road traffic accident are caused by a known third party whose liability is insured under the Compulsory Civil Liability Insurance of Owners of Motor Vehicles Law and whose fault is confirmed under a decision of a competent authority or the agreed statement.

10.5. The deductible shall be doubled if the losses result from the theft of the motor vehicle on the territory of Russia, Belarus, or Ukraine.

11. Underinsurance and overinsurance

11.1. Overinsurance is an event when the sum insured exceeds the market value of a motor vehicle at the moment of the conclusion of the insurance contract. If the motor vehicle is insured above its market value, the insurer shall disburse the insurance indemnity that does not exceed the amount of the loss.

11.2. Underinsurance is an event when the sum insured is lower than the market value of a motor vehicle at the moment of the conclusion of the insurance contract. If the motor vehicle is insured below its actual value, the insurance indemnity shall be

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disbursed in the same proportion to the loss amount as the motor vehicle is insured against its market value at the moment of the conclusion of the insurance contract.

12. Reduction of the insurance indemnity and refusal to disburse the insurance indemnity

12.1. The total sum of the insurance indemnity (indemnities) for the damages caused as a result of the occurrence of the risks provided for in paragraph 4.1, shall be capped at LVL 500 during the validity period of the policy if the driver of the insured vehicle has left the scene of the insurance event except in cases described in paragraphs 6.1.3.1.1.1. – 6.1.3.1.1.3. of these Terms and Conditions.

12.2. The insurer shall be entitled to refuse the disbursement of the insurance indemnity if:

12.2.1. The policyholder, the owner of the motor vehicle, the authorized user of the motor vehicle, or the insured person failed to comply with the requirements provided for in paragraph 6.1 hereof, save in the cases specified in paragraph 12.1.;

12.2.2. The motor vehicle is stolen, articles are stolen from it or the motor vehicle is damaged as a result of the occurrence of the risks specified in paragraph 4.2. during the time when the vehicle was parked without being locked and/or with open windows or without the security system being switched on;

12.2.3. The keys of the motor vehicle, the control panels of security systems or the registration card was left at a place of easy access or handed over to a person who:

12.2.3.1 Stole, hijacked or damaged the motor vehicle, causing the occurrence of the insured risks specified in paragraph 4.2. or

12.2.3.2 damaged or destroyed the motor vehicle, causing the occurrence of the insured risks specified in paragraph 4.1.7..

12.2.4. Upon the conclusion of the insurance contract, during its validity period or upon the occurrence of the insured risk – the policyholder, the owner of the motor vehicle, the authorized user of the motor vehicle, or the insured person has provided, of malicious intent or due to gross negligence, false information or refuses to provide the information requested by the insurer.

12.2.5. The stolen motor vehicle is equipped with the security systems, however the requirements of the installing company under the mutual agreement and/or the manufacturer's recommendations regarding the operation of the equipment have not been followed, including, but not limited to, the subscription fee has not been paid and/or the service intervals of the security equipment have not been met;

12.3. The insurer shall be entitled to reduce the insurance indemnity by 20%, if it is found after the occurrence of the insurance event that the information specified by the policyholder, the insured person, the owner of the motor vehicle or the authorized user of the motor vehicle in the insurance application or in other appendix of the insurance contract on the insurance object or the authorized users of the motor vehicle (the age of the youngest user of the motor vehicle) is not true.

12.4. In the event of theft, the insurance indemnity shall be reduced by 50%:

12.4.1. The owner of the motor vehicle or the authorized user of the motor vehicle is unable to present the registration card of the motor vehicle and/or is unable to present all the ignition keys, the security system control units and the keys specified in the application after the theft of the motor vehicle. If the application does not specify the number of ignition keys, the security system controls and keys, all of the vehicle's keys, security systems and key controls produced by the manufacturer in accordance with the manufacturer's data shall be handed over. The provisions of this paragraph shall not apply if:

12.4.1.1. the insured risk specified in paragraph 4.2.2. (robbery) has occurred and at the time of the theft of the motor vehicle,

theft of the registration certificate and/or ignition keys of the motor vehicle, and/or the control unit of the security systems and/or the key has occurred during the hijacking of the motor vehicle, which makes the presentation of the respective documents or articles impossible;

12.4.1.2. the vehicle has been stolen by stealing vehicle ignition keys and/or security system control units and keys from closed apartments, and the State Police confirms this has happened.

12.4.2. In the event of the motor vehicle's robbery, the remote controls and keys of non-contact immobilizer (the electronic engine blocking device) have not been kept separately from the ignition keys and the remote controls of the alarm of the motor vehicle;

12.4.3. The loss or theft of the registration certificate of the motor vehicle has not been reported to the police, the Road Traffic and Safety Department or the State Technical Supervision Authority, respectively or the said authorities do not confirm this fact.

IV OTHER PROVISIONS

13. Early termination of the validity of the insurance contract

13.1. The insurer shall be entitled unilaterally, without court intermediation, to terminate the insurance contract in the following cases:

13.1.1. If the policyholder, the insured person or the authorized user or owner of the motor vehicle has provided false information or refuses to provide information required by the insurer of malicious intent or gross negligence upon the conclusion of the insurance contract, during the term of its validity term or after the occurrence of the loss, including at the time of submitting the insurance claim application;

13.1.2. After payment of the insurance indemnity;

13.1.3. If the insurance premium due under the payment procedure provided for in the insurance contract has not been paid in full amount;

13.1.3. In other cases provided for in the legal enactments of the Republic of Latvia.

13.2. The validity of the insurance contract shall be terminated in the aforementioned cases by notifying the policyholder in writing to the address specified in the policy, unless the legal enactments of the Republic of Latvia provide for another procedure for the termination of the insurance contract. The insurance contract shall be terminated in 15 days after the date of the written notification.

13.3. After the disbursement of the insurance indemnity, the policyholder may terminate the insurance contract. The insurance contract shall be terminated in 15 days from the date when the policyholder has notified the insurer on the termination of the validity of the insurance contract.

13.4. In the event of a change of the motor vehicle's owner, the insurance contract shall be terminated at the moment when the motor vehicle is handed over to the new owner or the ownership title of the new owner is registered in the public register. In the event of leasing, if the holder who has been entered in the registration card of the motor vehicle as the holder thereof at the moment of the conclusion of the insurance contract becomes the owner of the motor vehicle, the validity of the insurance contract shall not be terminated and it will continue to be effective according to the provisions of the insurance contract.

13.5. If the policyholder is the holder of the motor vehicle who is not the owner of the motor vehicle, then in case of a change of the holder of the motor vehicle, the insurance contract shall become null and void as of the day when the motor vehicle is transferred to its new holder or when the new holder of the motor vehicle is registered in the public register.

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13.6. After the disbursement of the insurance indemnity in the event of a total loss of the motor vehicle, the validity of the insurance contract shall terminate. If several motor vehicles are insured under one insurance contract, then the validity of the insurance contract shall cease in respect to that motor vehicle for the total loss of which the insurance indemnity has been paid. The validity of the insurance contract shall continue in respect of other insured motor vehicles

under the provisions of the insurance contract.

13.7. Upon the agreement between the policyholder and the insurer, the insurance contract may be terminated prior to the expiry of its term.

13.8. If the validity of the insurance contract is terminated under paragraph 13.1.2, then the insurer shall refund the part of the insurance premium, which is calculated by deducting from the total amount of the insurance premium as specified in the insurance policy that part of the insurance premium which is pro-rated in terms of the actual validity period of the insurance contract against the validity term of the insurance contract as stated in the insurance policy.

13.9. If validity of the insurance contract is terminated in accordance with the paragraph No. 13.5., the insurer shall refund the part of the insurance premium calculated by deducting the following from the total sum of insurance premium specified in the policy: (1) the part of the insurance premium pro-rated to the actual time of validity of the insurance contract and the execution period of the insurance contract specified in the policy; (2) the expenses of the insurer related to the conclusion of the insurance policy, capped at 25% of the total insurance premium.

13.10. If the insurance contract is terminated under paragraphs 13.3, 13.4 or 13.7, the insurer shall refund the part of the insurance premium, which is calculated by deducting the following from the total sum of the insurance premium: (1) the part of the insurance premium pro-rated to the actual time of validity of the insurance contract and the execution period of the insurance contract stated in the policy; (2) the expenses of the insurer related to the conclusion of the insurance policy, capped at 25% of the total insurance premium; and (3) the sum of the paid insurance indemnity (indemnities). Upon agreement between the insurer and the policyholder, a part of the insurance premium can be regarded as payment for other insurance policy, and in this case, if no insurance indemnity (indemnities) has/have been paid during the execution period of the insurance contract, the expenses related to the conclusion of the insurance policy shall not be deducted upon calculating the part of the insurance premium in accordance with the provisions of this paragraph.

13.11. If the insurance contract is terminated under paragraph 13.1.1 or paragraph 13.6, then the part of insurance premium shall not be repaid.

13.12. If this insurance contract is the original contract of rendering financial services between the insurer and the policyholder, and if it is the distance insurance contract, then the policyholder shall be entitled to exercise the refusal rights and, within 14 (fourteen) days after the day of the conclusion of this insurance contract, withdraw unilaterally from this insurance contract, notifying the insurer about it in writing, taking into account that the specified term of exercising the refusal rights under this paragraph shall be deemed as disregarded and the insurance contract shall remain effective if the insurer does not receive the policyholder's written refusal on the 14 (fourteenth) calendar day after the day of the conclusion of this insurance contract.

13.13. If the policyholder exercises his or her rights to withdraw unilaterally from this insurance contract under the provisions of paragraph 13.12 hereof, then:

13.13.1. The entire insurance contract shall become null and void in respect of the entire insurance object on the day the policyholder sends the refusal notification;

13.13.2. The insurer shall refund to the policyholder the received part of the insurance premium which is pro-rated in terms of the actual period of the validity of the insurance contract and the validity term provided for in the insurance contract.

13.14. The policyholder shall not be entitled to exercise the refusal rights provided for in paragraph 13.12 if the performance of the insurance contract is fully completed upon the policyholder or the insured person's clear request before the policyholder exercises his or her refusal rights.

14. Subrogation action

The insurer, upon disbursing the insurance indemnity, shall take over the claim rights of the insured person against the person liable for the damages caused in the amount of the insurance indemnity. The insurer shall not initiate a subrogation action against the children, parents, or the spouse of the insured person, as well as the authorized user of the motor vehicle, except for the providers of repair, maintenance or other services or their employees. The insurer shall be entitled to initiate a subrogation action against any person if the damages have been incurred due to such person's malicious intent or gross negligence.

15. The applicable public law

15.1. The contractual relationship arising from the insurance contract shall be governed by the legislative enactments of the Republic of Latvia: the act "On Insurance Contract", the Civil Law of the Republic of Latvia, and other legislative enactments of the Republic of Latvia.

15.2. The insurer's operation shall be supervised by the Financial and Capital Market Commission, address at: Kungu Street 1, Riga LV-1050, Latvia.

16. Dispute resolution procedure

16.1. The insurer shall review the complaints or claims submitted in writing by the policyholder or the insured person and shall provide a written response within 30 (thirty) days from the day of the receipt of the complaint or the claim.

16.2. The insured who is a natural person shall have the rights to submit a complaint with the Ombudsman of the Latvian Insurers Association with regard to the insurer's decision on the disbursement of the insurance indemnity or refusal to disburse the motor vehicle insurance (CASCO). The Rules of Procedure of the Ombudsman of the Latvian Insurers Association are available at the website of the Latvian Insurers Association www.laa.lv.

16.3. All disputes concerning the insurance contract shall be resolved by means of negotiation. If no agreement is reached, the dispute shall be referred for resolution to the courts of the Republic of Latvia under the procedure provided for in the legislative enactments of the Republic of Latvia.

17. Processing of personal data

17.1. The policyholder agrees that the insurer shall, as the system manager and personal data operator, process and / or transfer for processing to a third party the policyholder's personal data (including sensitive personal data and personal identification (classification) codes) with a view of ascertaining the performance of the insurance contract. The insurer shall have the rights to provide the information on the insured, the

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policyholder in relation to the conclusion and performance of the insurance contract obtained during the process of insurance to the companies of the PZU group.

17.2. The policyholder consents to the processing of his/her personal data, including the passing of the personal data to third parties in order to provide information to the policyholder on the services to be provided by the insurer and its counterparties or for the purpose of carrying out market and public opinion research. The policyholder shall be eligible to refuse to receive commercial communication and prohibit the use of their personal data for market and public opinion research.

18. Procedure for the delivering of notifications and information

18.1. Any notifications and applications related to the insurance contract addressed to the policyholder shall be submitted in such a form and manner that the insurer could identify the submitter of the notification or the application.

18.2. The insurer shall submit their notifications and information to the policyholder, by delivering them to the last known postal address as notified by the policyholder. Should the policyholder change his postal address without notifying the insurer to that effect, all notifications shall be deemed to have been received on the 5 (fifth) day after the respective mail has been deposited with the post office. If the policyholder has notified the insurer of his e-mail address and telephone number, the insurer shall have the rights to send his notices to the policyholder's e-mail address and telephone number, and in this respect the policyholder is aware that electronic mail is not necessarily a secure way of exchanging information and undertakes not to raise any objections against the insurer in connection with the sending of the information (including the policyholder or the insured person's data as well as other confidential information) using the e-mail.

18.3. During the validity term of the insurance contract, the insurer shall communicate with the insured person and the policyholder in Latvian and respond to the enquiries of the insured person and the policyholder made in Latvian, English or Russian.