

APPROVED BY

Resolution No. 55 of the BTA Insurance Joint-Stock Company Board of 23rd October 2007

Translation. Text on Latvian has priority to this translation.

LAND VEHICLE INSURANCE TERMS AND CONDITIONS No. 4F-2

1. THE TERMS

For the purposes of these Terms and Conditions the terms used herein shall have the following meaning:

- 1.1. BTA:** The BTA Insurance Joint-Stock Company, the Insurer under the Insurance Contract Law.
- 1.2. Customer:** a legal or natural person entering into an insurance contract for his own benefit or on behalf of another person, the Insurant pursuant to the Insurance Contract Law.
- 1.3. The Insured:** a natural or legal person specified in the insurance policy which has an insured interest and for the good of which an insurance contract has been made, i.e. the person who is the beneficiary of an insurance indemnity in case of an insured event hereunder.
- 1.4. Insurance Policy:** a document of certain form laying down the terms and conditions of an insurance contract and certifying the making of the insurance contract.
- 1.5. Insured Event:** an event causally related to the insured risk in case of which an insurance indemnity is to be paid according to the insurance contract.
- 1.6. Insurance Premium:** a payment for insurance as specified in the insurance policy.
- 1.7. Sum Insured:** a sum of money for which a vehicle is insured. The sum insured shall be set by the Customer. The sum insured will remain unchanged upon the payment of an insurance indemnity.
- 1.8. Insurance Indemnity:** a sum of money payable or services to be provided in case of an insured event according to the insurance contract.
- 1.9. Insurance Period:** a period of time for which the insurance contract has been made.
- 1.10. Destruction:** the condition of a vehicle where the costs required for repairing the damages caused to the vehicle as a result of an insured event exceed 70% of the actual value of the vehicle at the time of occurrence of the insured event.
- 1.11. Actual Value:** the market value of a vehicle, i.e. the sum of money required to purchase in the territory of the Republic of Latvia a vehicle of the respective manufacture, make, and year of issue, equipment in a corresponding technical and visual condition.
- 1.12. Rent:** the transfer of a vehicle into someone's use against a payment.
- 1.13. Own Risk:** the part of damages expressed in a percentage of the extent of damages or in a sum of money which is not reimbursed by BTA under an insurance contract.

- 1.14. Extra Equipment:** equipment (stereo equipment, light metal disks, extra lamps, spoilers, custom-made licence plates etc.) built in a vehicle other than the equipment installed by the manufacturer.
- 1.15. Lawful Vehicle User:** the owner of the vehicle or a person to which the vehicle is made available with the owner's consent; in case of a car leasing scheme this includes a person to which the vehicle is made available with the lessee's consent.

2. INSURED OBJECT

- 2.1.** The insured object is the vehicle specified in the insurance contract and its Extra Equipment, provided that the Extra Equipment is specified in the insurance contract, and further:
- a) Any Extra Equipment installed on a vehicle during the insurance period is covered by insurance only if the vehicle with the Extra Equipment installed has been shown to a BTA agent and subject to making an Additional Agreement on insurance thereof;
 - b) Any Extra Equipment is covered by insurance only if it has been installed on the vehicle.
 - c) A custom-made licence plate is covered by insurance only if specifically provided for in the insurance contract and if affixed on the vehicle, in addition to the general means of fixing a licence plate on a vehicle, by screws or rivets;

3. PRINCIPAL RISKS INSURED

- 3.1.** An insured object is covered by insurance for the risks listed below if such risks are specified in the insurance policy as insured.
- 3.2. Risks of Damage:**
- 3.2.1. The Risk of a Road Traffic Accident:** a situation where, as part of road traffic or in another place where the driving of a vehicle is possible, there has been a collision with another vehicle, an obstacle, pedestrian, animal or another object, and the overturning, falling (from a bridge etc.), sinking or breaking through the ice of a vehicle in motion;
 - 3.2.2. The Risk of Fire:** the effects of fire, smoke, soot and fire extinguishing operations on the insured object; however, in the event of occurrence of this risk BTA will not indemnify for damages caused by a defect in the vehicle device which caused the flash;
 - 3.2.3. The Risk of a Natural Disaster:** the direct effect of a storm, flood, lightning and hail as well as of various falling objects on the insured object;
 - 3.2.4. The Risk of Broken Glass:** the damage caused to the windows, lamps, mirror glasses of the insured object and their replacements during road traffic by other vehicles throwing up objects from the road;
 - 3.2.5. The Risk of Damage Caused by Animals:** the damage to the insured object caused by animals or birds.
- 3.3. BTA will not pay the Insurance Indemnity for the Risks of Damage if:**
- 3.3.1.** The driver of a vehicle has arbitrarily left the site of a road traffic accident or has evaded doing an alcohol, drugs or psychoactive substances test in a timely manner;
 - 3.3.2.** The damage has occurred either directly or indirectly through the malicious intent of the Customer, the Insured, a member of his or her family, a person

subordinated to and employed by him or her under a contract, lawful user or driver of the Vehicle, or a degree of fault which in terms of damages and consequences under civil liability is comparable to malicious intent. For the purposes of these Terms and Conditions, the abovementioned will always apply, but will not be limited, to the following events:

- a) If a road traffic accident has occurred due to the vehicle driver exceeding the maximum speed limit set for the territory concerned for more than 30 km per hour;
- b) If a road traffic accident has occurred due to the vehicle driver violating the rules relating to the driving through a level crossing;
- c) If a road traffic accident has occurred due to activities on the vehicle driver's part which classify as aggressive driving under the Administrative Offences Code;

3.3.3. The vehicle could not be lawfully used as a means of transport at the time when the road traffic accident occurred (for example, due to the expiry of the roadworthiness validity term, use of tyres other than tyres meeting standards of the season etc.), however, the damages will be indemnified for if the only reason for the prohibition to use the vehicle in road traffic was the lack of the obligatory land vehicle owner's civil liability insurance coverage;

3.3.4. A road traffic accident has occurred due to the vehicle driver driving the vehicle or teaching another person how to drive:

- a) If a breath or blood test sample of the vehicle driver shows traces of alcohol, drugs, psychoactive or other intoxicating substances, substances resulting from their decomposition (metabolites), or medications lowering reaction speed and affecting attention;
- b) If the vehicle driver is taken ill or tired to a degree where this can affect the working capacity of the vehicle driver and road traffic safety;

3.3.5. The damage was caused by a cargo that was carried on the insured vehicle or in its trailer and was not fastened in accordance with applicable regulations of the country concerned;

3.3.6. The damage has occurred due to the participation of the vehicle in a race, training race, test or endurance race;

3.3.7. It is found that, while using the insured vehicle during the last 48 hours before the road traffic accident, there have been violations of the requirements laid down by the AERT Agreement (European Agreement Concerning the Work of Crews of Vehicles Engaged in International Road Transport) and Latvian regulations concerning the working and resting periods for a vehicle driver;

3.3.8. The vehicle was driven at the time of the road traffic accident by a person not authorised to drive vehicles of the respective category;

3.3.9. The vehicle was in unlawful possession at the time when the damage was caused and was not covered by insurance for the risks of theft;

3.3.10. The damage was caused from electric equipment used in a vehicle with the full weight exceeding 5 tons other than equipment installed by the manufacturer of the vehicle;

3.3.11. The damage was caused by water entering the devices of the vehicle (engine, gearbox etc.) as a result of driving through pools, flooded places etc.;

3.3.12. The damage has occurred from maintenance or repairs to the vehicle, or as a result thereof;

- 3.3.13.** The damage has occurred due to weather effects (rust, cracks caused by cold etc.) or as a result of natural wear and tear;
- 3.3.14.** The damage has been caused to the running gear of the vehicle (shock absorbers, springs, bearings etc.) except if there has concurrently occurred mechanical deformation of other parts of the vehicle at the time of occurrence of an insured risk event;
- 3.3.15.** The damage has been caused to special-purpose vehicles (for example, tip lorries, motor cranes etc.) in the course of performance of special works as a result of failure to observe the requirements for the performance of special works as laid down by regulations of the country concerned; however, damages caused due to the fault of third parties will be indemnified for.
- 3.4. The Risks of Theft:**
- 3.4.1. Theft of Vehicle:** a concealed or overt theft of an insured object or attempt thereof if the insured object has been removed from the place where it was initially positioned;
- 3.4.2. Robbery of Vehicle:** the robbery of an insured object by force or threat of force, or an attempt thereof;
- 3.4.3. The Risk of Unlawful Action by Third Parties:** the unlawful destruction, damaging of an insured object, or the theft of parts or extra equipment thereof by third parties.
- 3.5. BTA will not pay the Insurance Indemnity for the Risks of Theft if:**
- 3.5.1.** The theft of a vehicle has been committed using the original ignition keys of the vehicle or the original means of control of the vehicle anti-theft equipment. The foregoing does not apply to situations referred to in Article 3.7 hereof, and in case of the Risk of Robbery of Vehicle;
- 3.5.2.** All copies of the ignition, door keys, means of control of the anti-theft equipment of the vehicle specified in the insurance contract – if not specified then all copies thereof provided by the manufacturer -, certificate of registration of the vehicle or a statement of seizure of the ignition keys or means of control of the vehicle anti-theft equipment by a law enforcement authority in a criminal action are not handed over to BTA after the theft of a vehicle. The foregoing does not apply to situations referred to in Article 3.7 hereof, and in case of the Risk of Robbery of Vehicle;
- 3.5.3.** During the period of insurance the ignition key(s) or means of control of the vehicle anti-theft equipment has been lost or stolen, or if the anti-theft equipment installed on the vehicle has been damaged and the Customer or the Insured has failed to notify BTA thereof promptly, as soon as it was possible to do so, and has failed to implement certain security measures, i.e.:
- a) Has failed to move the vehicle to a safe place;
 - b) Has failed to have changed or repaired the vehicle ignition keys and means of control of the vehicle anti-theft equipment and has failed to present to BTA a document certifying that such activities have been carried out, or has failed to show the vehicle to a BTA agent.
- 3.5.4.** The vehicle has been left unlocked or if the anti-theft equipment has not been activated;
- 3.5.5.** In case of theft of the stereo, video or navigation system equipped with a detachable control panel, screen or any other part, if such a control panel, screen or other detachable part is not handed over to BTA;
- 3.5.6.** In case of theft of a trailer or semi-trailer of a vehicle not coupled with the trailing vehicle or placed outside a territory guarded and secured along its perimeter;

- 3.5.7.** Illegal act on the part of the Customer, the Insured, an employee subordinated to him or her, driver or lawful user of the vehicle resulting in the occurrence of the insured risk;
- 3.6.** BTA will not indemnify for expenses related to the change of the ignition keys or anti-theft equipment of the vehicle.
- 3.7. When calculating the Insurance Indemnity for a vehicle theft, BTA will apply a 50 per cent own risk rate if:**
- 3.7.1.** The ignition key, means of control of the anti-theft equipment or the registration certificate of the vehicle has been stolen from a locked room by breaking into it, with visible signs of breaking in;
- 3.7.2.** The vehicle was equipped with an extra immobilizer specified in the insurance contract and all means of control designed by the manufacturer for the operation of the immobilizer are handed over to BTA after the theft, failing to hand over to BTA the other means of control of the vehicle anti-theft and ignition keys referred to in Article 3.5.2 hereof.
- 3.8.** In case of an insured event in connection with the risks of theft in the territory of the CIS Countries, the Own Risk specified in the insurance contract will be doubled, except in the case referred to in Article 3.7 hereof.

4. EXTRA RISKS INSURED

- 4.1.** The extra risks listed below may be insured provided that the principal risks specified in Article 3.2 or 3.4 are insured too. A vehicle is covered by insurance for extra risks listed below if such risks are specified in the insurance policy as insured.
- 4.2. Insurance for the New Value:** insurance coverage for the sum insured for which the new vehicle was purchased in the territory of the Republic of Latvia and which is specified in the documents of purchase thereof. In case of an insured event in connection with the theft, robbery or destruction of the vehicle BTA will indemnify for the damages to the extent of the value of a new equivalent vehicle in the Republic of Latvia, without exceeding the Sum Insured specified in the insurance contract and by deducting the Own Risk specified in the insurance contract.
The Insurance Coverage for the New Value is valid if:
- The vehicle has had one owner only as of the date when the vehicle was first registered, or one lessee only if the vehicle was purchased under a lease (loan) scheme;
 - The insurance coverage of the New Value for the vehicle extends to the entire period of time as of the moment of purchase of the vehicle;
 - The period of time from the date when the vehicle was first registered is less than one year, even if the insurance contract has not yet expired.
- 4.3. Insurance for Stoppage of Use:** an extra insurance coverage scheme whereby BTA provides the Insured with a Rental Vehicle in case of occurrence of the risks referred to in Articles 3.2 and 3.4.3 hereof, as a result of which the vehicle may not be used in road traffic pursuant to applicable Latvian regulations, or where the vehicle is undergoing repairs for the prevention of damage by a repair shop with which BTA has made an agreement, as well as in case of Destruction of the vehicle, subject to the following conditions:
- 4.3.1.** If the vehicle cannot be used in road traffic the Insured is to be provided with a Rental Vehicle starting from the fourth working day as of the date of filing a written application of certain form with BTA regarding a potential Insured

Event. If the vehicle is undergoing repairs at a repair shop with which BTA has an agreement, then the Insured is to be provided with a Rental Vehicle starting from the fourth working day from the date when repair works are started. If the Insured wishes to use the Rental Vehicle immediately upon the filing of an application for a potential Insured Event, then BTA will provide an Insurance Indemnity in the amount of 50% from the sum of money payable for the rent of the vehicle until the repairs are finished but subject to the limitations set forth in Article 4.3.2;

- 4.3.2.** BTA undertakes to provide the Insured with a rented compact-class vehicle if the risk specified in the insurance contract is Version A, or a middle-class vehicle if the risk specified in the insurance contract is Version B. BTA will in any case provide the Insured in case of an insured event with a rented vehicle for a period of time not exceeding 15 (fifteen) calendar days, and for no more than 3 (three) Insured Events during the entire Insured Period;
- 4.3.3.** If BTA is unable to provide the Insured with a rented vehicle according to these terms, then BTA will cover the Insured's costs in connection with the use of another rented vehicle without exceeding the maximum Insurance Indemnity sum per day as specified for the extra risk in the insurance contract;
- 4.3.4.** BTA will stop paying for the use of a rented vehicle on the next day following the completion of repairs of the vehicle if the vehicle can be used in road traffic according to applicable Latvian regulations, or after 15 (fifteen) calendar days of use of the Rental Vehicle.

5. GENERAL EXCEPTIONS

- 5.1.** BTA will not indemnify for damages caused by acts of terror (acts of force and use of violence, or a threat thereof by any person or a group of persons acting on their own or in connection with an organisation or government, or on behalf of it, due to political, religious, ideological or ethnic reasons and which features the intent to exert influence on the government or to keep the society or a part thereof in danger). Damages caused by measures for the prevention an act of terror will not be indemnified for, either.
- 5.2.** BTA will not pay the Insurance Indemnity if the insured object is being used as a rental, task force, training vehicle, taxi or carrier of dangerous cargo, except where the mode of use of the Vehicle described in this Article is specified in the insurance contract.
- 5.3.** BTA will not pay the Insurance Indemnity if the vehicle insured was on the car search list at the time of making of the insurance contract.

6. OBLIGATIONS OF THE CUSTOMER, INSURED AND LAWFUL USER OF THE VEHICLE IN CASE OF AN INSURED RISK

- 6.1. In case of an insured risk the Insurance Indemnity will be paid subject to compliance by the Customer, the Insured or the Lawful User of the Vehicle with the following conditions:**
 - 6.1.1.** Required activities are performed promptly in case of occurrence of a road traffic accident risk, as soon as it is possible, in accordance with applicable regulations, and:
 - a) The road traffic accident is reported to the police or to another law enforcement authority of the country concerned, or an accident statement

filled in, where provided for by regulations of the country in which the road traffic accident took place;

- b) If the identity of the vehicle which caused the road traffic accident is known or if there is sufficient information to identify it, then BTA is to be notified in writing of the licence plate number of the vehicle which caused the road traffic accident and the name, address of its insurer and policy number, as well as to show promptly, as soon as it is possible, the damaged vehicle to an expert of said insurance company where a request has been received from the insurance company concerned;

6.1.2. To notify promptly in case of other risks other than a road traffic accident, as soon as it is possible, the police, other law enforcement authorities where this option is provided for by regulations of the country in which the Insurance Event occurred. If the theft or robbery of the Vehicle has occurred outside the territory of the Republic of Latvia, this shall be promptly reported to the police upon returning to the territory of the Republic of Latvia.

An occurrence of the Risk of Broken Glass need not be reported to the police;

6.1.3. If the insured risk has occurred outside the territory of the Republic of Latvia, a document regarding the potential occurred insured event issued by a law enforcement of the country concerned is to be filed with BTA in accordance with the provisions of Article 6.1.2 hereof;

6.1.4. To show the damaged vehicle to a BTA agent promptly, as soon as it is possible, and to file the following documents:

- a) A written application of certain form on the occurrence of the insured risk containing as full and detailed information about the accident as possible;
- b) A copy of the vehicle driver's licence, subject to producing the original of the licence;
- c) The vehicle registration certificate in case of theft or robbery of the vehicle and a copy of the vehicle registration certificate in other cases, subject to producing the original of the licence;
- d) A written explanation by the vehicle driver or lawful user of the vehicle about the accident;
- e) All documents requested by BTA regarding the accident which are required to clarify the circumstances of the accident or to determine the extent of damages.

If the Customer, the Insured or the Lawful User of the vehicle files with BTA a written application on the occurrence of an insured risk or shows the damaged vehicle more than 3 (three) days after the date of occurrence of the insured risk, he shall be obliged to prove to BTA that it was impossible to file said application and show the damaged vehicle earlier;

6.1.5. In case of an insured risk not to have any repairs of the vehicle carried out before receipt of relevant approval from BTA. However, small repairs may be carried out if the failure to have such repairs carried out forthwith may increase the damages incurred as a result of occurrence of the insured risk;

6.1.6. To hand over to BTA the parts damaged and changed as a result of the insured risk upon completion of repairs of the vehicle if BTA requests so;

6.1.7. If the vehicle damaged in a road traffic accident is equipped with a tachograph, the tachograph disc which was installed in the vehicle at the time of the accident or tachograph print-outs as requested by BTA and tachograph discs for a period of time up to 7 days before the occurrence of the road traffic accident are to be handed over to BTA;

- 6.1.8.** To return the Insurance Indemnity received without justification upon request by BTA if BTA finds that there are grounds for reclaiming the Insurance Indemnity under the Insurance Contract Law.
- 6.2.** In case of the risk of damage referred to in Article 3.2 or in case of the risk of unlawful action by third parties, on condition that nothing has been stolen from the vehicle, the Customer, the Insured or the Lawful User may choose not to report the accident to the police or to another law enforcement authority of the country concerned but in such a case BTA will only pay an Insurance Indemnity over the entire period of insurance not exceeding 20% (twenty per cent) of the Sum Insured specified in the insurance contract. However, reporting to the police or another law enforcement authority of the country concerned or the drawing up of an accident statement in cases where an accident statement may be drawn up according to the regulations of the country in which the accident took place is a mandatory precondition for getting an Insurance Indemnity if:
- 6.2.1.** The Customer, the Insured or the Lawful User of the Vehicle was aware of the identity of the vehicle or person which caused the damage, or if he had sufficient information at his disposal permitting identification of such a vehicle or person;
- 6.2.2.** There has been a theft or robbery of parts or Extra Equipment of the vehicle;
- 6.2.3.** The damage was caused by objects falling directly on the insured object from buildings, structures or vehicles in the possession of other parties;
- 6.3.** The Customer, the Insured or the Lawful User of the Vehicle will in any case, by promptly calling **the BTA round-the-clock information phone 26121212** from the place of the accident and providing information on the accident, get instructions from BTA on how to ensure compliance with the above preconditions correctly and in detail in order to get an Insurance Indemnity.

7. CALCULATION AND PAYMENT OF INSURANCE INDEMNITY

7.1. In case of a theft, robbery or destruction of a vehicle:

7.1.1. The Insurance Indemnity will be calculated as follows:

- a) The value of the vehicle at the time of the accident will be calculated first, i.e. 1% (one per cent) of depreciation for each full month from the date of making of the insurance contract until the date of occurrence of the Insured Event will be deducted from the actual value of the vehicle at the time of the accident (this procedure does not apply to the calculation of the New Value);
- b) Followed by deduction of the Own Risk specified in the insurance contract from the calculated value of the vehicle;
- c) Then the unpaid part of the Insurance Premium for the period of time until the end of the Period Insured is withheld from the sum calculated;
- d) The sum thus calculated is reduced for the value of the remaining value of the vehicle in case of Destruction if the Insured decides to keep the remains of the vehicle in his possession;

7.1.2. BTA is entitled to calculate the Insurance Indemnity without applying the procedure for calculation of the vehicle value described in Article 7.1.1 (a) in cases when the value thus calculated exceeds the actual value of the vehicle

at the time of the accident. In this particular case the amount of the Insurance Indemnity will be calculated by reducing the Own Risk specified in the insurance contract from the actual value of the vehicle at the time of the accident and further reducing it for the remaining value of the value in case of Destruction if the Insured decides to keep the remains of the vehicle in his possession;

7.1.3. In case of Destruction of the vehicle the Insured may choose between the following options:

a) To transfer the remains of the destroyed vehicle to BTA and to provide for the registration of the vehicle in the name of BTA or a third party appointed by BTA. The Insurance Indemnity will be paid out upon the completion by the Insured of all activities required for the transfer of the Vehicle Insured into the ownership of BTA or a third party appointed by BTA. If the Insured fails to provide for the re-registration of the remains and transfer thereof to BTA within the set term, BTA may leave the remains of the vehicle in the possession of the Insured and to deduct the value of the remains from the Insurance Indemnity;

b) To keep the remains of the destroyed vehicle in his possession;

7.1.4. In case of a theft or robbery of the vehicle BTA will pay the Insurance Indemnity only upon the completion by the Insured of all activities required for the transfer of the Vehicle Insured, if it is eventually recovered, into the ownership of BTA or a third party appointed by BTA. All expenses related to completion of relevant documents shall be covered by the Insured;

7.1.5. If a vehicle has encumbrances or restrictions of the ownership right placed on it (unpaid taxes, duties, a prohibition by the State Revenue Service or Customs Authority, a pledge, order of arrest etc.) then in cases referred to in Article 7.1.3. (a) and 7.1.4 hereof it is the obligation of the Insured to complete all payments required for the re-registration of the vehicle in the name of BTA or a third party appointed by BTA; in case of failure to do so BTA will reduce the Insurance Indemnity for the sum of money required for the removal of the encumbrances or restrictions of the ownership right.

7.2. In case of damage caused to a vehicle BTA may choose either to arrange for the repair of the vehicle at repair shops or to pay out the Insurance Indemnity in cash.

7.2.1. In case of repairs of a vehicle it will be restored to the condition directly before the accident. Vehicles covered by a valid manufacturer's warranty will be repaired at a repair shop in the Republic of Latvia meeting the relevant quality requirements and warranty terms; other vehicles will be repaired at a repair shop capable of performing repairs of the damaged vehicle duly, with which BTA has entered into an agreement. In this case the Customer shall pay the Own Risk specified in the insurance contract upon first request by BTA. If the Customer fails to pay Own Risk BTA may carry out any activities required to ensure that the Customer can get back the repaired vehicle only upon payment of Own Risk.

7.2.2. Upon payment of an Insurance Indemnity in cash it will be calculated according to the Technical Appraisal Methodology for the Obligatory Insurance of the Civil Liability of Land Vehicle Users, as approved by the Latvian Bureau of Vehicle Insurers pursuant to the procedure established by the Latvian Cabinet of Ministers, effective at the time of occurrence of the Insured Event , subject to deduction of the Own Risk specified in the insurance contract;

- 7.2.3.** The Own Risk may be expressed either as a percentage of the sum of damages or in terms of cash. The largest amount of own risks will be applied where the Own Risk is expressed in the insurance contract as a percentage of the sum of damages and in terms of cash;
- 7.2.4.** If a second or a third Insured Event is reported during the term of an insurance contract for which an insurance indemnity is calculated, then an Own Risk of LVL 150.00 (one hundred and fifty Latvian lats) will be applied in such a case, and the Own Risk for a fourth and any successive events insured for which an insurance indemnity is calculated will be LVL 300.00 (three hundred Latvian lats). The Own Risk specified in the insurance policy will be applied in cases where the Own Risk specified in the insurance policy exceeds the Own Risk referred in this clause. When calculating the number of events insured which have occurred during the term of an insurance contract the provisions of Article 7.5 hereof will not be taken into account;
- 7.2.5.** If the Insured or the lessee or holder specified in the registration certificate of the vehicle is a VAT (value added tax) payer and receives an Insurance Indemnity in cash, the Insurance Indemnity will be paid out with the VAT excluded.
- 7.3.** In cases of a theft, robbery or Destruction of Extra Equipment the total Insurance Indemnity may not exceed 20% (twenty per cent) of the sum for which the vehicle is insured, incl. cases where the value of Extra Equipment as specified in the insurance contract is larger. This does not apply to cases where Extra Equipment has been stolen, robbed or destroyed together with the vehicle.
- 7.4.** If the actual value of the vehicle as specified in the insurance contract is larger or smaller than its actual market value the Insurance Indemnity will be calculated pursuant to Articles 36 and 43 of the Insurance Contract Law.
- 7.5.** No Own Risk is withheld if upon payment of an indemnity BTA is entitled to recover full damages from an insurance company incorporated in the Republic of Latvia under the scheme of obligatory insurance of the civil liability of land vehicle owners. Where upon payment of an indemnity BTA is entitled to recover full damages from an insurance company incorporated overseas the Own Risk will be retained until receipt of full compensation for the damages, after which it is returned to the Insured.
- 7.6.** BTA will cover the costs of transportation of a vehicle to the nearest repair shop where this is required due to the damage and economically reasonable; however:
- a) The costs shall not exceed LVL 150.00 (one hundred and fifty Latvian lats) for an Insured Event which has occurred in the territory of the Republic of Latvia;
 - b) The costs shall not exceed LVL 300.00 (three hundred Latvian lats) for an Insured Event which has occurred outside the territory of the Republic of Latvia.
- The costs of transportation will also be covered in case of Destruction of a vehicle. Transportation costs will not be covered if the indemnification for the transportation is paid by another person under an earlier agreement. The costs related to the use of a parking place will not be covered.
- 7.7. Payment of Insurance Indemnity:**
- 7.7.1.** BTA will resolve whether or not to pay an Insurance Indemnity within 14 (fourteen) days after receipt of all the required documents relating to the potential Insured Event ;

- 7.7.2.** BTA will notify the Insured of its resolution within 7 (seven) days after the date of resolution;
- 7.7.3.** BTA will pay an Insurance Indemnity within 14 (fourteen) days after the date of resolution on payment of the Insurance Indemnity;
- 7.7.4.** In case of a theft or robbery of a vehicle BTA will pay an Insurance Indemnity if the vehicle is not found within two months from the date of receipt by BTA of all documents certifying the occurrence of an Insured Event and the damages resulting from it;
- 7.7.5.** Unless otherwise agreed BTA will resolve whether or not to pay an Insurance Indemnity and will pay it within 1 (one) working day's time after the date of receipt of a written application for the payment of indemnity, subject to compliance with all of the following conditions:
- a) The amount of an Insurance Indemnity does not exceed LVL 300.00 (three hundred Latvian lats);
 - b) The conditions laid down by Articles 6.1 and 6.2 have been fulfilled;
- 7.7.6.** If the payment of an Insurance Indemnity is delayed due to the fault of BTA, BTA shall pay late interest in the amount of 0.1% from the outstanding sum of the Insurance Indemnity; however, the total sum of the late payment penalty may not exceed 10% of the outstanding sum of the Insurance Indemnity.

8. VALIDITY AND TERMINATION OF THE INSURANCE CONTRACT

- 8.1.** Unless otherwise provided for in the Insurance Policy, the Insurance Contract is valid in the territory of the Republic of Latvia. If an Insurance Policy contains a clause on 'European Countries' this is to mean that the insurance contract is valid within the territory of the following countries: Latvia, Lithuania, Estonia, Austria, Albania, Andorra, Belgium, Bulgaria, Bosnia and Herzegovina, Czech Republic, Denmark, France, Greece, Croatia, Italy, Ireland, Iceland, United Kingdom, Lichtenstein, Luxemburg, Monaco, Macedonia, Norway, the Netherlands, Portugal, Poland, Romania, Spain, Finland, Slovakia, Slovenia, Serbia and Montenegro, San Marino, Switzerland, Hungary, Germany, the Vatican, Sweden. If an Insurance Policy contains a clause on 'The CIS Countries' this is to mean that the insurance contract is valid within the territory of the following states: the European part of the Russian Federation west of the Urals, Byelorussia, Ukraine and Moldova.
- 8.2.** Unless otherwise provided for in an Insurance Policy, an Insurance Contract is valid for one year.
- 8.3.** An Insurance Contract takes effect as of the date specified in the Insurance Policy, provided that the Insurance Premium or the first instalment thereof, where the insurance premium specified in an Insurance Policy is to be paid in instalments, has been paid within the term and in the amount specified in the Insurance Policy.
- 8.4.** If an Insurance Premium or the first instalment thereof is paid after the date specified in the Insurance Policy, BTA may resolve within the term specified in the Insurance Contract Law not to accept the payment of the Insurance Indemnity, and the Insurance Contract will not take effect, subject to returning the paid-in Insurance Premium to the Customer. If the payment of an Insurance Premium or the first instalment thereof is late for more than 30 (thirty) days, BTA may apply the provisions laid down by Article 8.11 hereof.
- 8.5.** The Customer is obliged to pay the regular instalments of an Insurance Premium within the term and in the amount specified in the Insurance Policy.

If an Insurance Premium has not been paid fully within the term specified in the Insurance Policy, BTA may terminate the Insurance Contract pursuant to the provisions of effective Latvian regulations.

8.6. When paid by bank transfer, an Insurance Premium is deemed to have been paid as of the time of transfer thereof into the bank account of BTA or that of a BTA agent who is clearly authorised to collect payments of Insurance Premiums from the Customer.

8.7. BTA may offer the Customer to renew the insurance contract by sending the Customer an Insurance Policy and a bill for the payment of the Insurance Premium.

If BTA offers to renew an insurance contract on terms and conditions that differ from the previous terms and conditions, then BTA will also send the new terms and conditions of insurance to the Customer.

An insurance policy takes effect as of the date stated therein, on condition that the Customer has paid the Insurance Premium specified in the bill within the term specified in the bill.

A written application by the Customer for the previous insurance contract shall form an integral part of the new insurance contract. The Customer shall notify BTA immediately of any changes to the information provided in the written application for insurance.

8.8. Upon change of the owner or lessee of a vehicle who is the person taking the vehicle on lease, an insurance contract is to be deemed invalid as of the date when said changes occurred, except for cases where the vehicle is transferred into the ownership of the Customer or lessee specified in the insurance contract who is the person taking the vehicle on lease. The Customer may notify BTA of the change in the ownership of the vehicle from the date of change of the owner until the date of expiry of the insurance contract as specified therein and to request that BTA returns part of the Insurance Premium or offsets it as payment for another land vehicle insurance contract according to Article 8.9 hereof.

8.9. The Customer may, subject to filing a written application, terminate an insurance contract at any time. In such a case:

8.9.1. If no Insurance Indemnity has been paid or no potential Insured Event has been reported during the term of the insurance contract, BTA will return to the Customer the paid in part of the Insurance Premium for each full calendar month remaining until the expiry of the insurance contract, withholding verifiable BTA costs related to the execution of the insurance contract not exceeding 25% (twenty-five per cent) from the sum payable;

8.9.2. If an Insurance Indemnity has been paid out or a potential Insured Event has been reported during the term of the insurance contract, the Customer may:

a) Use the paid in part of the Insurance Premium for each full calendar month remaining until the expiry of the insurance contract to pay for another land vehicle insurance contract, and in this case the paid out indemnity for the insurance contract will be withheld and the administrative costs of BTA will not be withheld;

b) Receive part of the paid in Insurance Premium the amount of which is determined by deducting from the paid Insurance Premium the Insurance Indemnity, part of the Insurance Premium for the expired term of the insurance contract and

the administrative costs of BTA related to the execution of the insurance contract not exceeding 25% (twenty-five per cent) from the sum payable.

8.10. BTA may terminate an insurance contract upon payment of an Insurance Indemnity, subject to giving a 15 (fifteen) days' notice in writing. In this case BTA will return to the Customer the paid in part of the Insurance Premium the amount of which will be determined according to the provisions of Article 8.9.2 (b) hereof .

8.11. If:

- a) There has been a delay on the Customer's part regarding the payment of the Insurance Premium or the first instalment thereof as specified in the insurance contract showing that the Customer is unwilling to enter into contractual relations with BTA;
- b) The Customer has directly expressed his will to cancel the insurance contract;

BTA will cancel an insurance contract and may request that the Customer covers the administrative costs of BTA related to the execution of the insurance contract set at 25% (twenty-five per cent) from the Insurance Premium sum calculated according to the respective insurance contract.

8.12. If during the term of an insurance contract the value of the Latvian lat against the Euro currency drops for more than 10% (commercial rate) as compared to the rate at the time of making of the insurance contract, BTA may, as of the date when such changes are found to exist, to recalculate the unpaid part of the Insurance Premium for a percentage rate corresponding to the decrease in the value of the Latvian lat against the Euro currency.

BTA will exercise this right only with respect to those insurance contracts in which the Insurance Indemnity is set in Latvian lats and is payable in instalments.

9. EXECUTION OF INSURANCE CONTRACTS USING MEANS OF DISTANCE COMMUNICATION

9.1. The Customer and BTA may enter into an insurance contract using means of distance communication. For the purposes hereof contracts made between BTA and the Customer on the basis of a written offer by BTA and by means of bills or via the internet, email, by telephone or using other means of information exchange shall be deemed to have been made in this manner.

9.2. Where an insurance contract has been made using means of distance communication:

- a) The Insurance Contract will take effect on the date following the date of payment of an Insurance Premium set by BTA in full amount;
- b) By paying an Insurance Premium the Customer certifies that he agrees with all the terms and conditions of the insurance contract of which BTA has informed him using a certain means of distance communication;
- c) The non-existence of an Insurance Policy in written form does not affect the validity of an insurance contract;
- d) The Customer may request and BTA must issue a written Insurance Policy in accordance with the Insurance Contract Law;
- e) The Customer may exercise his right of refusal to accept the insurance contract pursuant to Latvian Cabinet Regulation No. 1037 on The Distance Contract for the Provision of Financial Services of 21

December 2004 within 14 (fourteen) days' time from the date of execution of the insurance contract, i.e. from the date of payment of an Insurance Premium by sending written notice of refusal to BTA. If the Customer submits notice of a potential Insured Event to BTA within 14 (fourteen) days from the date of execution of the insurance contract this will mean that the right of refusal has not been used and that the insurance contract is in force;

f) If the Customer uses his right of refusal BTA shall return to the Customer, within 30 (thirty) days after the date of receipt of the refusal at the latest, the part of the Insurance Premium calculated by deducting the part for the expired period of operation of the insurance contract from the paid in Insurance Premium as well as the administrative costs of BTA not exceeding 25% (twenty-five) per cent of the sum payable. If a payment of the Insurance Indemnity has been made or an Insured Event has been reported during the term of operation of an insurance contract according to the terms of the insurance contract, BTA will not return to the Customer the part of the Insurance Premium calculated in accordance with the procedure described hereinbefore.

10. FURTHER PROVISIONS

- 10.1.** Any disputes that may arise between the parties to an insurance contract shall be resolved by way of negotiation. If it is impossible to reach a mutual agreement within 2 (two) months, any dispute, disagreement or claim arising out of an insurance contract, relating to it or breach, termination or invalidity thereof will be finally settled by the International Commercial Arbitration Court (Registration Number: 40003764669) in accordance with its Rules in Riga by means of written proceedings in the Latvian language, composed of 1 (one) arbiter to be appointed by the Council of the Arbitration Court, in accordance with applicable Latvian acts and regulations. In cases where the application of the arbitration clause referred to herein is in conflict with the provisions of Latvian acts and regulations, the relevant dispute, disagreement or claim will be settled at a Latvian court by enforcing applicable Latvian acts and regulations. The Customer may provide at the time of making of an insurance contract for the enclosure in the Special Provisions of the Insurance Contract of a clause providing that any disputes are to be settled at courts of the Latvian Republic. Another procedure for the settlement of disputes may be also provided for in the insurance contract subject to an agreement between the Parties.
- 10.2.** Unless the parties have not otherwise agreed upon in writing at the time of making an insurance contract, or if BTA fails to receive written objections from the Insured within 2 (two) working days' time, then the Insured to the benefit of which the Customer made an insurance contract shall also be deemed to be a party to the insurance contract, as a result of which the terms and conditions of the respective insurance contract, including the arbitration clause, will be binding upon the Insured, and the Insured cannot be deemed to be a third party pursuant to Section 487 of the Latvian Civil Proceedings Law.
- 10.3.** The parties to an insurance contract may not assign to third parties any of the rights of claim, including any existing or potential right of claim, arising out of an insurance contract.

- 10.4.** If upon the making of an insurance contract the Customer fails to notify BTA otherwise, than BTA may exercise its right of reverse claim, in cases where the Insurance Indemnity paid out by BTA covers only part of the damages of the Insured, independently of whether or not the Insured exercises his right to raise a claim against the guilty party. BTA and the Customer or the Insured may agree in writing on co-operation regarding the recovery of damages including the joint filing and maintaining of a claim in a court.
- 10.5.** Upon making an insurance contract the Customer certifies that he permits BTA as the system manager, recipient and operator of identity data to process the data of the Customer and the Insured, including sensitive identity data and personal identification (classification) codes, pursuant to the Law on the Protection of Data of Natural Persons and other applicable Latvian acts and regulations for the purpose of insurance risk quotation; and further certifies that he permits BTA to receive information about the Customer from personal data processing state institutions and the Debtors' Register maintained by the Bank of Latvia where BTA requires such information, and that the Customer has been notified that BTA will submit information on the Customer to the Debtors' Register in cases provided for by regulations. The statement set out in this clause also applies to natural persons entering into insurance contracts on behalf of a legal entity.
- 10.6.** Unless otherwise stated by the Customer upon making an insurance contract, the Customer agrees that BTA sends him offers relating to insurance services both for the renewal of the existing insurance contracts and for the making of other insurance contracts regardless of the type of insurance.
- 10.7.** During the term of operation of an Insurance Contract the Customer and the Insured is obliged, within 3 (three) working days' time upon receipt of a relevant request from BTA, to show the insured vehicle to an agent appointed by BTA. In case of failure to do so BTA will be entitled not to pay the Insurance Indemnity in case of occurrence of the risks specified in the insurance contract.
- 10.8.** A trailer of a vehicle insured according to these Terms and Conditions will be subject to the same terms and conditions that apply to the coupled insured vehicle pulling the trailer (the driver of the pulling vehicle is also the driver of the trailer).
- 10.9.** The legal relations arising out of the insurance contracts made pursuant to these Terms and Conditions will be governed by applicable Latvian acts and regulations.
- 10.10.** These Terms and Conditions take effect as of the date of approval thereof by the BTA Board of Management.
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