

APPROVED BY

The Insurance Joint Stock Company BTA
Board Decision No. 5 of 3 February 2009

Translation. Text on Latvian has priority to this translation.

**MOTOR VEHICLES INSURANCE TERMS AND CONDITIONS NO.
4F-3**

1. TERMS USED IN THESE TERMS AND CONDITIONS

- 1.1. **BTA** – Insurance Joint Stock Company BTA, an Insurer pursuant to the Insurance Contract Law.
- 1.2. **Customer** – a legal entity or an individual who enters into an insurance contract in favour of itself or another person, an Insurance Policy Holder pursuant to the Insurance Contract Law.
- 1.3. **Insured person** – an individual or legal entity indicated in the insurance contract who has an insurable interest and in favour of whom the insurance contract has been concluded, i.e. to whom the insurance indemnity is to be paid upon occurrence of the insured event referred to in these Terms and Conditions.
- 1.4. **Insurance policy** – a particular document that includes terms and conditions of an insurance contract and certifies the conclusion of an insurance contract.
- 1.5. **Insured event** - an event related through causal relationship to insurance risk upon the occurrence of which payment of the insurance indemnity is provided for in accordance with the insurance contract signed.
- 1.6. **Insurance premium** – the payment specified in an insurance contract for the insurance.
- 1.7. **Sum insured** – the amount of money, for which a vehicle is insured. The Customer shall be responsible for determining the sum insured. After paying out the insurance indemnity the sum insured remains invariable.
- 1.8. **Insurance indemnity** – the amount to be paid for the insurable event or the services to be rendered in accordance with the concluded insurance contract.
- 1.9. **Insurance period** – a period of time, for which the insurance contract is concluded.
- 1.10. **Write-off** – the condition of a vehicle when the costs for vehicle repair to eliminate the damages caused as a result of an insured event exceed 70% (seventy percent) of its actual value at the moment the insured event has occurred.
- 1.11. **Actual value** – the market value of a vehicle, i.e. the amount of money for which a vehicle of a respective brand, model, year of production and configuration can be acquired in the Republic of Latvia.
- 1.12. **Lease** – transfer of a vehicle for use for remuneration.
- 1.13. **Deductible** – a part of losses expressed in percentage of the loss amount or in the amount of money not to be compensated by BTA pursuant to an insurance contract.
- 1.14. **Extra equipment** – devices (audio equipment, light metal rims, extra lamps, spoilers, individual number plates, etc.) installed in a vehicle, installation of which has not been made by a manufacturer.
- 1.15. **Legal user of a vehicle** – an owner or a person to whom the vehicle is

conveyed with the owner's consent, in the event of leasing, also a person to whom the vehicle is conveyed with the lessee's consent.

2. INSURANCE OBJECT

- 2.1. The object of insurance is the vehicle indicated in the insurance contract and the extra equipment thereof if such extra equipment is indicated in the insurance contract, in addition:
- a) extra equipment installed in the vehicle during the insurance period is insured only if a vehicle with the extra equipment installed is presented to a BTA representative and an additional agreement regarding insurance thereof is signed;
 - b) extra equipment is insured only when it is installed in the vehicle;
 - c) an individual number plate is insured only when there is a particular stipulation in the insurance contract and when, in addition to the common way of fastening vehicle number plates, it is fastened with a screw or rivet to the vehicle.

3. PRINCIPAL RISKS INSURED

- 3.1. The insurance object is insured against the risks indicated below that are marked as insured in the concluded insurance contract.
- 3.2. **Damage risks:**
- 3.2.1. **Risk of road traffic accident** (hereinafter – RTA) – collision with another vehicle, barrier, pedestrian, animal or another object that took place in traffic or another place, where driving of a vehicle is possible, as well as overturning of a moving vehicle, falling (from a bridge, etc.), sinking or breaking through the ice;
 - 3.2.2. **Risk of fire** – impact of fire, smoke, soot and fire-fighting on the insurance object.
 - 3.2.3. However, upon occurrence of this risk, BTA does not compensate the losses for damages in the vehicle equipment that has caused the fire;
 - 3.2.4. **Risk of natural disaster** – direct impact of a storm, water, flood, lightning and hail, as well as different falling objects on the insurance object;
 - 3.2.5. **Risk of glass breaking** – damages of windows, lamps, mirror glasses and substitutes thereof of the insurance object caused in traffic by other vehicles throwing up objects from the road;
 - 3.2.6. **Risk of damages caused by animals** – damages to the insurance object caused by animals or birds;
- 3.3. **BTA does not pay the insurance indemnity for the damage risks if:**
- 3.3.1. a vehicle driver has left the place of the RTA violating the procedures set forth in the effective regulatory enactments;
 - 3.3.2. has used alcoholic drinks, drugs or other intoxicating substances after the RTA until the examination that determines the alcohol concentration in blood or establishes the influence of drugs or other intoxicating substances, or release from such examination in accordance with the procedures set forth in the effective regulatory enactments;
 - 3.3.3. has avoided medical examination to determine the alcohol concentration or influence of drugs or other intoxicating substances, if such examination as regards the RTA that took place was initiated by a competent state authority or medical institution;
 - 3.3.4. damages have been directly or indirectly caused due to malicious intent or fault of the Customer, Insured Person, their family member, their subordinates

working on the contractual basis, legal user of the vehicle or a driver that in terms of losses and civil liability consequences are considered as wilful misconduct. For the purpose of these Terms and Conditions such circumstances shall be always considered, however not confining only thereto, the following events:

- a) the RTA took place by a vehicle driver exceeding the maximum speed allowed in a respective territory by more than 30 km/h;
 - b) the RTA took place by a vehicle driver violating the railroad crossing regulations;
 - c) the RTA took place by a vehicle driver carrying out the activities that pursuant to the Administrative Violations Code are classified as an aggressive driving;
- 3.3.5.** when the RTA took place the vehicle was not roadworthy (for instance, expired periodic technical inspection certificate, tyres that do not correspond with the season, etc.). However, losses will be compensated if the only reason for its non-roadworthiness was the lack of the compulsory civil liability insurance of motor vehicle owners;
- 3.3.6.** during the vehicle inspection after the RTA, it is established that tyres of the vehicle do not meet the requirements set forth in the regulatory enactments of the Republic of Latvia regarding state technical inspection of vehicles and technical control on the roads effective on the day the RTA takes place;
- 3.3.7.** The RTA has taken place by a vehicle driver driving or teaching to drive another person:
- a) if a breath or blood test of the driver establishes an alcohol, drugs, psychotropic or other intoxicating substances, substances arising as a result of the decomposition thereof (metabolites), medicinal products that reduce reaction time and awareness;
 - b) being sick or tired to such an extent, where it can influence the driver's ability and road traffic safety;
- 3.3.8.** damages are caused by the cargo in the insured vehicle or the trailer thereof that is not fastened in accordance with the requirements of regulatory enactments effective in a respective country;
- 3.3.9.** damages are caused by the vehicle participating in races, training runs, test drives or endurance test runs;
- 3.3.10.** it is established that in the last 48 hours prior to the RTA, using the insured vehicle, the requirements set forth in the AETR agreement (European Agreement Concerning the Work of Crews of Vehicles Engaged in International Road Transport) and regulatory enactments of the Republic of Latvia that prescribe compliance with the driver's work time and rest time have been violated;
- 3.3.11.** when the RTA took place the vehicle was driven by a person who does not have a driver's licence permitting to drive a respective category vehicle;
- 3.3.12.** at the moment the damages were made the vehicle was in unlawful possession and it was not insured against theft risks;
- 3.3.13.** damages were caused by electric installations used in the vehicle, whose total mass exceeds 5 tonnes, if such installations have not been installed by a vehicle manufacturer;
- 3.3.14.** damages were caused by water getting into the vehicle equipment (engine, gear-box, etc.) by the vehicle being driven into pools, flooded places, etc.;
- 3.3.15.** damages were caused due to maintenance or repair of the vehicle, or the consequences thereof;

- 3.3.16. damages were caused due to weather conditions (corrosion, cracking from cold, etc.) or natural depreciation;
- 3.3.17. damages were caused to a running gear of the vehicle (shock-absorbers, springs, bearings, etc.), except if upon occurrence of the insured risk simultaneously mechanical deformation of other vehicle parts had occurred;
- 3.3.18. damages were caused to vehicles intended for certain works (for instance, dumpers, autocranes, etc.) when performing certain works, if regulations for the performance of certain works set forth in regulatory enactments of a respective country are not complied with. However, damages caused by third parties are compensated.
- 3.4. **Theft risks:**
 - 3.4.1. **Theft of a vehicle** – furtive or blatant robbery or attempt of a robbery of a vehicle if the insured object is moved from the parking place thereof;
 - 3.4.2. **Robbery of a vehicle** – a robbery or attempt of a robbery of the insured object related to violence or violence threatening;
 - 3.4.3. **Risk of third party unlawful activity** – unlawful destruction, damage, theft of parts or extra equipment of the insurance object carried out by third parties.
- 3.5. **BTA does not pay the Insurance Indemnity for the theft risks if:**
 - 3.5.1. the vehicle was stolen using original ignition keys of the vehicle or original vehicle anti-theft equipment control devices. The aforementioned is not applied to the situations stipulated in Article 3.7 of these Terms and Conditions, as well as upon occurrence of the robbery of a vehicle risk;
 - 3.5.2. after the theft of the vehicle all copies of the ignition keys of the insured vehicle indicated in the insurance contract, and if not indicated therein, all provided for by a manufacturer, all copies of the anti-theft equipment control devices, registration certificate of the vehicle or a removal certificate regarding removal of the insured vehicle ignition keys or anti-thefts equipment control devices drawn up by a law enforcement institution within the framework of the criminal procedure, are not submitted to BTA. The aforementioned is not applied to the situations stipulated in Article 3.7 of these Terms and Conditions, as well as upon occurrence of the robbery of a vehicle risk;
 - 3.5.3. during the insurance period the insured vehicle ignition key (keys) or anti-theft equipment control device (devices) was written-off or stolen, or the installed anti-theft equipment was damaged and the Customer or the Insured Person has not immediately, as soon as possible, notified BTA, as well as has not taken precautionary measures, namely:
 - a) has not taken the vehicle to a safe place;
 - b) has not replaced or repaired the vehicle ignition keys and anti-theft equipment control devices, or has not presented the documents that confirm such activities to BTA, or has not presented the vehicle to a BTA representative.
 - 3.5.4. the vehicle was left unlocked or the anti-theft equipment was not activated;
 - 3.5.5. audio, video or navigation devices with the removable control panel, screen or any other part provided for was stolen, and this control panel, screen or removable part is not submitted to BTA;
 - 3.5.6. trailer or semi-trailer of the vehicle that was not hitched to the trailing vehicle or within the territory closed and guarded within the perimeter;
 - 3.5.7. if the Customer, Insured Person, subordinate or family member thereof, vehicle driver or Legal User of the Vehicle has carried out unlawful activities that caused occurrence of the insured risk;

- 3.6. BTA does not compensate the losses for the replacement of vehicle ignition keys or anti-theft equipment.
- 3.7. **When calculating the insurance indemnity for the vehicle theft, BTA applies a 50% deductible, if:**
- 3.7.1. the vehicle ignition key, anti-theft equipment control devices or registration certificate of the vehicle is stolen from the locked premises by forcing it and the signs of forcing are evident;
- 3.7.2. the vehicle was equipped with additional immobiliser that was indicated in the insurance contract, and after the theft of the vehicle all control devices of this immobiliser provided for by a manufacturer are submitted to BTA, but the rest of the anti-theft equipment control devices and ignition keys listed in Article 3.5.2 are not submitted.
- 3.8. Upon occurrence of the Insured Event as regards theft risks within the territory of CIS countries, the deductible is set 20% (twenty percent), except for the events stipulated in Article 3.7, as well as the event, when a higher deductible is set forth in the concluded insurance contract.

4. ADDITIONAL RISKS INSURED

- 4.1. The additional risks indicated below can be insured if the principal risks referred to in Article 3.2 or 3.4 are insured. A vehicle is insured against the additional risks indicated below that are marked as insured in the concluded insurance contract.
- 4.2. **Insurance of the value of a new car** – insurance for the sum insured, for which a new vehicle was acquired in the Republic of Latvia and that is indicated in the purchase documents thereof. Upon occurrence of the insured event due to vehicle theft, robbery or write-off, BTA compensates the losses in the amount of the value of a new, equivalent vehicle in the Republic of Latvia, not exceeding the sum insured indicated in the insurance contract and deducting the deductible specified in the insurance contract.
Insurance of the value of a new car is valid, if:
- a) the vehicle has had only one owner since the first registration thereof, or, in the event of leasing (loan) – only one lessee;
 - b) the vehicle was insured at the value of a new car during the entire period from the moment of acquisition thereof;
 - c) a time period since the date of the first registration of the vehicle does not exceed one year, even when the validity period of the insurance contract has not expired yet.
- 4.3. **Use interruption insurance** – additional insurance within the scope of which BTA provides a lease vehicle to the Insured Person upon occurrence of the risks referred to in Articles 3.2 and 3.4.3 of these Terms and Conditions, as a result of which the vehicle, pursuant to the effective regulatory enactments of the Republic of Latvia, is not roadworthy or for the elimination of the damages repairs are made thereto at a service centre BTA has agreed with, as well as in the event of the vehicle write-off in compliance with the following conditions:
- 4.3.1. if the vehicle is no longer roadworthy, a lease vehicle is provided to the Insured Person starting on the 4th (fourth) working day from the day a particular written application is submitted to BTA regarding the possible insured event. If the vehicle is being repaired at a service centre BTA has agreed with, a lease vehicle is provided to the Insured Person from the 4th (fourth) working day

after starting the repairs. If, after the submission of an application regarding the possible insured event, the Insured Person wants to use a lease vehicle immediately, BTA provides a 50% (fifty percent) insurance indemnity of the amount to be paid for lease of a vehicle until the repairs are finished, but in compliance with the restrictions set forth in Article 4.3.2;

- 4.3.2. BTA undertakes to provide the Insured Person with the leased compact-class vehicle, if version A is indicated by this risk in the insurance contract, or medium-class vehicle, if version B is indicated by this risk in the insurance contract. In any case, during one insured event case BTA undertakes to provide the Insured Person with a leased vehicle for no longer than 15 (fifteen) calendar days, and during the entire insurance period – no more than for 3 (three) insured events;
- 4.3.3. If pursuant to these Terms and Conditions BTA cannot provide a leased vehicle to the Insured Person, BTA pays the expenses of the Insured Person related to lease of another leased vehicle not exceeding the maximum amount of the Insurance Indemnity for one day set forth by this additional risk in the insurance contract;
- 4.3.4. BTA stops covering the expenses for use of the leased vehicle on the next day the repair of the insured vehicle is finished if it is roadworthy in accordance with the requirements of the effective regulatory enactments of the Republic of Latvia or, when the period of 15 (fifteen) calendar days of using the leased vehicle is exceeded.

5. GENERAL EXCEPTIONS

- 5.1. BTA does not compensate the losses caused by acts of terrorism (acts that are expressed through force and violence, or threats to use them by any third party or group of persons who act alone or in relation to any organization or government, or on behalf thereof, that are being carried out because of political, religious, ideological or ethnic reasons and that include intention to affect the government or endanger the general public or any part of it). No losses incurred due to any anti-terror measures are compensated.
- 5.2. If the vehicle is being used as an operational vehicle, a vehicle for the performance of operational tasks of security companies (undertakings), a taxi, carrier of hazardous cargo or a vehicle is being used for teaching others how to drive, or is leased for remuneration, and there is no remark on that in the insurance contract, BTA does not pay the Insurance Indemnity.
- 5.3. BTA does not pay the Insurance Indemnity if a search of the insured vehicle has been declared in any country when the insurance contract was concluded.

6. OBLIGATIONS OF THE CUSTOMER, INSURED PERSON AND LEGAL USER OF THE VEHICLE UPON OCCURRENCE OF THE RISK INSURED

- 6.1. **Upon occurrence of the risk insured the precondition for paying out the Insurance indemnity is the fulfilment of the following obligations of the Customer, Insured Person or Legal User of the Vehicle:**
 - 6.1.1. upon occurrence of the risk of RTA, immediately, as soon as possible activities in accordance with the effective regulatory enactments are carried out, as well as:

- a) to notify the Police or another law enforcement institution of the respective country of the RTA, or to fill in the agreed statement if it is provided for by regulatory enactments of the country the RTA took place;
 - b) if the vehicle that caused the RTA is known or there was enough information to determine it, to inform BTA in writing of the registration number of the vehicle that caused the RTA, and name and address of its insurer and the policy number, as well as, if a request has been received from a respective insurance company, to immediately, as soon as possible, show vehicle damages to the experts thereof;
- 6.1.2.** upon occurrence of other risks, except for the RTA, to immediately, as soon as possible, inform the Policy, other law enforcement institutions thereof if such possibility is provided for by regulatory enactments of the country the insured event occurred in. If theft or robbery of the vehicle took place outside the territory of the Republic of Latvia, arriving in the Republic of Latvia to immediately inform the Police thereof.
The Police do not have to be informed of the occurrence of the event of the risk of glass breaking;
- 6.1.3.** if the insured risk occurred outside the territory of the Republic of Latvia, pursuant to Article 6.1.2, to submit a document issued by a law enforcement institution of a respective country on the possible insured event to BTA;
- 6.1.4.** immediately, as soon as possible, to present the damaged vehicle to a BTA representative and submit the following documents:
- a) a particular written application regarding occurrence of an insured risk with as much as possible complete and detailed information on the accident;
 - b) a copy of a driver's licence, presenting the original;
 - c) a vehicle registration certificate, in the event of theft or robbery thereof; in other event – a copy of the vehicle registration certificate, presenting the original;
 - d) an explanation of the driver or Legal User of the Vehicle regarding the accident;
 - e) all the documents requested by BTA as regards the accident that are required for clarification of the accident circumstances or determination of the amount of loss.
- If the Customer, Insured Person or the Legal User of the Vehicle submits a written application to BTA regarding occurrence of the insured risk or presents the damaged vehicle later than within 3 (three) working days from the occurrence of the insured risk, he or she is obliged to prove to BTA that it was impossible to submit the documents or present the vehicle sooner;
- 6.1.5.** upon occurrence of the insured risk, to not make any repairs of the vehicle until receiving a respective consent of BTA. However, small repairs may be made, if failure to make them immediately may increase the losses incurred due to the occurrence of the insured risk;
- 6.1.6.** after the repair of the vehicle, upon request of BTA, to return to BTA the parts damaged and replaced as a result of the insured risk;
- 6.1.7.** if the vehicle damaged in a RTA is equipped with a tachograph, to submit a tachograph disc that was in the vehicle tachograph at the moment of accident to BTA, or the tachograph print out requested by BTA and tachograph discs for the time period up to 7 (seven) days prior to the RTA;
- 6.1.8.** upon request of BTA, to pay back the Insurance Indemnity received without reason, if BTA establishes that any of the grounds for such

refund set forth in the Insurance Contract Law has set in.

- 6.2.** Upon occurrence of the damage risks or risk of third party unlawful activity referred to in Article 3.2, on condition that nothing has been stolen from the vehicle, the Customer, the Insured Person or the Legal User of the Vehicle does not have to inform the Police or another law enforcement institution of a respective country of the accident, but in this event, during the entire insurance period BTA will pay the Insurance indemnity that will not exceed 20% (twenty percent) of the sum insured referred to in the insurance contract. However, reporting the Police or another law enforcement institution of a respective country or completion of an agreed statement, in the events when it is allowed to complete the agreed statement in accordance with the regulatory enactments of the country the accident took place, is mandatory precondition to receive the Insurance Indemnity, if:
- 6.2.1.** the Customer, Insured Person or the Legal User of the Vehicle knew the vehicle or person who has caused the damages or he or she had enough information to ascertain it;
- 6.2.2.** there was a theft or robbery of the vehicle parts or extra equipment;
- 6.2.3.** damages are caused by direct impact of the objects dropping onto the insurance object from buildings or constructions managed by third parties;
- 6.3.** In any case, by calling the **BTA hotline +371 26121212** and providing the information on the accident immediately from the accident place, the Customer, Insured Person or the Legal User of the Vehicle will receive BTA instruction on how to fulfil the aforementioned preconditions correctly and in details in order to receive the Insurance Indemnity.

7. PROCEDURE FOR DETERMINING AND PAYING THE INSURANCE INDEMNITY

- 7.1.** In the event of theft, robbery or write-off of the vehicle:
- 7.1.1.** the amount of the Insurance Indemnity is calculated in accordance with the following procedure:
- a) first, actual value of the vehicle at the moment of the accident is calculated (this does not apply to the events of insurance of the value of a new car);
 - b) then the deductible indicated in the insurance contract is deducted from the calculated vehicle value;
 - c) the yet unpaid part of the insurance premium is deducted from the calculated amount until the end of the insurance period;
 - d) the amount calculated in such a way is reduced by the residual value of the vehicle in the event of write-off if the Insured Person takes a decision to keep the remains of the vehicle in his or her possession;
- 7.1.2.** In the event of vehicle write-off the Insured Person shall decide whether:
- a) to transfer the remains of the written-off vehicle to BTA and re-register the vehicle in favour of BTA or a third party specified thereby. The Insurance Indemnity is paid after the Insured Person carries out all the activities required to transfer the insured vehicle into the property of BTA or a third party specified thereby. If the Insured Person does not register the remains of the vehicle and does not transfer it to BTA within the set time limit, BTA is entitled to leave the remains of the vehicle to the Insured Person and deduct the residual value from the insurance

indemnity;

b) to keep the remains of the written-off vehicle in its possession;

- 7.1.3.** in the event of theft or robbery of the vehicle BTA pays out the Insurance Indemnity only after the Insured Person carries out all the activities required to transfer the insured vehicle into the property of BTA or a third party specified thereby if the vehicle is found. All expenses related to completion of respective documents are covered by the Insured Person;
- 7.1.4.** BTA is entitled to replace the stolen or written-off vehicle with the same brand, model, year of production and configuration vehicle. In this event payment of the deductible set forth in the insurance contract and the unpaid part of the insurance premium, and in the event of write-off of the vehicle, also the value of remains of the vehicle or the fulfilment of the obligation referred to in Clause (a) of Article 7.1.2 is a precondition for paying out the Insurance Indemnity;
- 7.1.5.** if there are encumbrances or ownership restrictions (unpaid taxes, fees, the State Revenue Service or customs prohibition, pledge, arrest, etc.) imposed on the vehicle, in the events referred to in Clause (a) of Article 7.1.2 and Article 7.1.4 the Insured Person is obliged to make all the required payments so that the vehicle could be re-registered in favour of BTA or a third party specified thereby, otherwise BTA reduces the Insurance Indemnity by the amount necessary to extinguish such encumbrances or ownership restrictions.

7.2. In the event of write-off of the vehicle:

- 7.2.1.** BTA ensures the possibility to make repair of the written-off vehicle at a care service centre of a respective quality approved by BTA (vehicles with the valid warranty of the manufacturer are repaired at car service centre that meet the respective warranty requirements) in order to restore the vehicle to the condition equivalent to the condition the vehicle was just before the insured event.

The Customer is obliged to pay the deductible set forth in the insurance contract upon first request of BTA. If the Customer does not pay the deductible, BTA is entitled to carry out the activities so that the Insured Person could take the repaired vehicle only after paying the deductible.

The Customer may also repair the vehicle at a preferred car service centre and in this event BTA transfers the Insurance Indemnity to the car service centre selected by the Customer in the amount of the repair work costs less the deductible set forth in the insurance contract, but in this event the Insurance Indemnity may not exceed the amount of the vehicle repair estimate prepared by the car service centre selected by BTA or the amount of the Insurance Indemnity calculated in accordance with the Technical Examination Methodology for Compulsory Civil Liability Insurance of Owners of Motor Vehicles approved by the Motor Insurers' Bureau of Latvia in accordance with the procedure set by the Cabinet of Ministers.

- 7.2.2.** If the Customer wants to receive the Insurance Indemnity in cash, BTA pays out the Insurance Indemnity in the amount specified in the repair estimate agreed with the car service centre, excluding VAT and deducting the deductible set forth in the insurance contract, or BTA pays out the Insurance Indemnity that is calculated in accordance with the Technical Examination Methodology for Compulsory Civil Liability Insurance of Owners of Motor Vehicles approved by the Motor Insurers' Bureau of Latvia in accordance with the procedure set by the Cabinet of Ministers that is valid at the moment the

insured event occurs, excluding VAT and deducting the deductible set forth in the insurance contract.

- 7.2.3.** In the event of theft or thefts of vehicle parts or the extra equipment thereof BTA keeps the rights to carry out repair of the vehicle.
- 7.2.4.** If an agreement is reached with the Customer regarding not paying VAT also in the event of vehicle repair, BTA pays out the Insurance Indemnity to the Insured Person in the amount specified in the repair estimate agreed with the car service centre, not paying VAT.
- 7.2.5.** The deductible may be fixed both in the percentage of the loss amount, and in terms of money. If the insurance contract the deductible is fixed in percentage of the loss amount and in terms of money, the highest of these deductibles is applied.
- 7.2.6.** If during the validity period of the insurance contract the second or third insured event is announced, for which the Insurance Indemnity is calculated, a deductible of 100.00 LVL (one hundred Lats) is set for this event, and for the fourth and subsequent insured events, for which the Insurance Indemnity is calculated, the deductible is set 300.00 LVL (three hundred Lats). In the events when a higher deductible as it is stipulated in this Article is set forth in the insurance contract, the deductible set forth in the insurance contract is applied. The event referred to in Article 7.5 of these Terms and Conditions is not taken into consideration when determining the number of insured events that took place during the validity period of the insurance contract.
- 7.3.** In the event of theft, robbery or write-off of the extra equipment, the total Insurance Indemnity may not exceed 20% (twenty percent) of the sum insured of the vehicle, including, when the value of the extra equipment set forth in the insurance contract is higher. The said does not apply to the events when the extra equipment is stolen or written-off together with the vehicle.
- 7.4.** If the sum insured set forth in the insurance contract is higher or lower than the actual value of the vehicle, the Insurance Indemnity will be calculated in accordance with Article 36 and Article 43 of the Insurance Contract Law.
- 7.5.** The deductible is not deducted if, when paying out the indemnity, BTA is entitled to collect the loss in full from the insurance company registered in the Republic of Latvia in accordance with the compulsory civil liability insurance of owners of motor vehicle. In the event when paying out the indemnity BTA is entitled to collect the loss in full from an insurance company registered abroad, the deductible is deducted until the losses are compensated in full, then it is refunded to the Insured Person.
- 7.6.** BTA compensates transportation expenses for the vehicle transportation to the nearest car service centre if such transportation is required as regards damages and it is economically justified, as well as expenses for keeping and parking the vehicle on the road, but:
- a) not exceeding 150.00 LVL (one hundred and fifty Lats) per insured event that took place within the territory of the Republic of Latvia;
 - b) not exceeding 300.00 LVL (three hundred Lats) per insured event that took place outside the territory of the Republic of Latvia.

Transportation expenses are also covered in the event of write-off of the vehicle. Transportation expenses are not covered if compensation for the transportation is ensured by any other party on the basis of the earlier signed agreement. Parking fees are not compensated.

7.7. Insurance Indemnity payment:

- 7.7.1. BTA takes a decision to pay or to not pay the Insurance Indemnity within 14 (fourteen) days after receiving all the required documents regarding the possible insured event;
- 7.7.2. BTA notifies the Insured Person of its decision within 7 (seven) days after taking a decision;
- 7.7.3. BTA pays out the Insurance Indemnity within 14 (fourteen) days after the decision to pay the Insurance Indemnity is taken;
- 7.7.4. In the event of theft or robbery of the vehicle BTA pays out the Insurance Indemnity if the vehicle is not found within 2 (two) months from the day BTA receives all documents that confirm occurrence of the insured event and the amount of the losses incurred;
- 7.7.5. Unless another agreement is reached, BTA takes a decision to pay out the Insurance Indemnity and pays it within 1 (one) working day after receiving a written application, if all the following conditions are met:
 - a) the amount of the Insurance Indemnity does not exceed 300.00 LVL (three hundred Lats);
 - b) requirements of Article 6.1 and Article 6.2 are met;
- 7.7.6. If payment of the Insurance Indemnity is delayed due to the fault of BTA, BTA pays a delay interest on 0.1% (zero point one percent) of the outstanding Insurance Indemnity amount for each day delayed, but the total amount of delay interest may not exceed 10% (ten percent) of the outstanding Insurance Indemnity amount.

8. VALIDITY OF THE CONTRACT AND PROCEDURE FOR ITS TERMINATION

- 8.1. An insurance contract is valid within the territory of the Republic of Latvia, unless it is prescribed otherwise in the insurance contract. If there is an Article European Countries in the insurance contract, it means that the insurance contract is valid within the territory of the following countries: Latvia, Lithuania, Estonia, Austria, Albania, Andorra, Belgium, Bulgaria, Bosnia and Herzegovina, the Czech Republic, Denmark, France, Greece, Croatia, Italy, Ireland, Iceland, Great Britain, Lichtenstein, Luxemburg, Monaco, Macedonia, Norway, the Netherlands, Portugal, Poland, Romania, Spain, Finland, Slovakia, Slovenia, Serbia and Montenegro, San Marino, Switzerland, Hungary, Germany, Vatican and Sweden. If there is an Article CIS Countries in the insurance contract, it means that the insurance contract is valid within the territory of the following countries: European part of the Russian Federation located to the West from the Ural Mountains, Belarus, Ukraine and Moldova.
- 8.2. An insurance contract is concluded for one year, unless another validity period is set forth in the insurance contract.
- 8.3. An insurance contract comes into force on the date indicated in the insurance contract, under condition that the insurance premium or the first part thereof, if the insurance premium payment by instalments is set forth in the insurance contract, is paid within the time limit and in the amount indicated in the insurance contract.
- 8.4. If the insurance premium or the first instalment thereof is paid after the date specified in the insurance contract, BTA is entitled to take a decision regarding not accepting the insurance premium payment and the insurance contract not coming into force within the time limit set forth in the Insurance

Contract Law by refund the paid insurance premium to the Customer. If the payment of the insurance premium or the part thereof is delayed by more than 30 (thirty) days BTA may apply the provisions referred to in Article 8.11 of these Terms and Conditions.

8.5. The Customer is obliged to make regular Insurance Indemnity instalment payments within the time limit and in the amount set forth in the insurance contract. If the insurance premium payment is not complete on the date specified in the insurance contract, BTA is entitled terminate the insurance contract in accordance with the procedure prescribed by the effective regulatory enactments of the Republic of Latvia.

8.6. The insurance premium, when paying it by a bank transfer, is considered paid from the moment it is transferred into the BTA bank account or the bank account of the intermediary who is unequivocally authorized to collect insurance premiums from the Customer.

8.7. BTA may offer the Customer to renew the concluded insurance contract by sending an insurance policy and an invoice regarding insurance premium payment to the Customer.

If BTA offers to renew the insurance contract under the terms and conditions that

differ from the previous insurance terms and conditions, BTA also sends new terms and conditions of the insurance to the Customer.

The insurance contract comes into force on the set date under condition that the Customer has paid the insurance premium indicated in the invoice within the time limit specified in the invoice.

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

8.8. If the owner or the holder, who is the lessee, changes the insurance contract is considered invalid from the moment respective changes are made, except for the events the vehicle is transferred into the ownership of the Customer or the holder, who is the lessee, specified in the insurance contract. From the moment the owner of the vehicle has changed until the expiry date of the insurance contract indicated in the insurance contract the Customer is entitled to notify BTA of the change of the vehicle owner and to request BTA to refund the part of the insurance premium or to transfer to the payment for another motor vehicle insurance contract in accordance with Article 8.9.

8.9. Either of the parties is entitled to terminate the insurance contract by giving a 15 (fifteen) day written notice. In this event:

8.9.1. if the insurance indemnity has not been paid out during the validity period of the insurance contract or no possible insured event has been established, BTA refunds to the Customer the part of the paid insurance premium for each full calendar month remaining until the expiry of the insurance contract deducting the provable BTA expenses related to the conclusion of the insurance contract, the amount of which does not exceed 25% (twenty five percent) of the premium paid by the Customer;

8.9.2. if the Insurance Indemnity has been paid out during the validity period of the insurance contract or a possible insured event has been declared, the Customer is entitled:

a) to use the paid part of the insurance premium for each full

calendar month remaining until the expiry of the insurance contract to pay for another motor vehicle insurance contract, and in this event administrative expenses of BTA are not deducted, but the Insurance Indemnity for this insurance contract is deducted;

b) to receive the part of the paid insurance premium, the amount of which is determined by deducting the Insurance Indemnity, the part of the insurance premium for the validity period of the terminated insurance contract and administrative expenses of BTA related to the conclusion of the insurance contract, the amount of which does not exceed 25% (twenty five percent) of the insurance premium paid by the Customer, from the paid insurance premium;

8.10. BTA is entitled to terminate the insurance contract after paying out the Insurance indemnity by sending a written notice 15 (fifteen) days in advance. In this event BTA refunds to the Customer the part of the paid insurance premium, the amount of which is determined in accordance with the procedure set forth in Clause (b) of Article 8.9.2.

8.11. In the event:

a) the Customer has failed to pay the insurance premium or the first part thereof set forth in the insurance contract in due time, that shows unwillingness of the Customer to enter into contractual relations with BTA;

b) the Customer has directly expressed the will thereof to annul the insurance contract;

BTA annuls the insurance contract and it is entitled to request the Customer to compensate administrative expenses of BTA related to the conclusion of the insurance contract, the amount of which is fixed 25% (twenty five percent) of the insurance premium calculated in accordance with the respective insurance contract.

8.12. If during the validity period of the insurance contract the value of the Latvian Lats against Euro reduces by more than 10% (ten percent) (commercial exchange rate) than it was at the moment of signing the insurance contract, from the moment the said changes are established BTA is entitled to re-calculated the unpaid parts of the insurance premium, increasing the insurance premium by the percent the Latvian Lats value against Euro has decreased.

BTA will not enforce the above measure on an insurance contract, in which the insurance premium is calculated in Latvian Lats and the payment thereof is set by instalments.

9. CONCLUSION OF INSURANCE CONTRACTS USING MEANS OF DISTANCE COMMUNICATION

9.1. The Customer and BTA may conclude an insurance contract by using means of distance communication. Insurance contracts entered into in such a way are considered the contract entered into by BTA and the Customer based on a written proposal and invoice of BTA or using Internet, e-mail, phone or other information exchange mean.

9.2. If the insurance contract is concluded using means of distance communication:

- a) the insurance contract comes into force on the next day the insurance premium set by BTA is paid in full;
- b) by paying the insurance premium the Customer certifies that he agrees with all provisions of the insurance contract of which BTA has informed using certain means of distance communication;
- c) absence of a written insurance policy does not affect validity of the insurance contract;
- d) the Customer is entitled to request and BTA is obliged to submit a written insurance policy to the Customer in accordance with the procedure set forth in the Insurance Contract Law;
- e) The Customer, pursuant to the Republic of Latvia Cabinet of Ministers Regulation No. 1037 of 21 December 2004: Regulations Regarding Distance Contract for the Provisions of Financial Services may use the right of withdrawal within time period of 14 (fourteen) days from the contract signing day, i.e. from the day the insurance premium is paid, and withdraw from the concluded insurance contract by sending a written refusal to BTA. If during the period of 14 (fourteen) days from the day of signing the insurance contract the Customer submit an application to BTA regarding possible insured event, this means that the withdrawal rights have not been used and the insurance contract is valid;
- f) If the Customer uses the right of withdrawal, no later than within 30 (thirty) days after receiving a refusal, BTA refunds to the Customer the part of the insurance premium, the amount of which will be determined by deducting the part for the expired period of the validity of the insurance contract as well as BTA administrative expenses of BTA not exceeding 25% (twenty five percent) of the amount to be refunded, from the paid insurance policy. If during the validity period of the insurance contract the Insurance Indemnity is paid out pursuant to the insurance contract or the insured event is announced, BTA will not refund to the Customer the part of the insurance premium calculated in accordance with the aforementioned procedure.

10. OTHER TERMS AND CONDITIONS

- 10.1.** All disputes arising between the parties of the insurance contract shall be settled by means of negotiations. If mutual agreement cannot be reached within 2 (two) months, any dispute, disagreement or claim ensuing from the insurance contract that is related to it or its violation, termination or invalidity, shall be finally resolved at the Court of Arbitration for Commercial Transactions (registration number: 40003764669) in accordance with its Regulations, in Riga, in a written procedure, in Latvian, by 1 (one) judge appointed by the Council of the Court of Arbitration and applying effective regulatory enactments of the Republic of Latvia. When application of the Article of the Court of Arbitration referred to in this Article is in conflict with the provisions of regulatory enactments of the Republic of Latvia, respective disputes, disagreements or claims shall be resolved in courts of the Republic of Latvia applying effective regulatory enactments of the Republic of Latvia. When signing an insurance contract the Customer is entitled to include a clause in the special provisions of the insurance contract regarding dispute

settlement procedure in courts of the Republic of Latvia. Upon agreement of the parties, another dispute settlement procedure may be provided for in the insurance contract.

- 10.2.** The Insured Person in favour of whom the Customer has concluded the insurance contract is also considered a party of the insurance contract unless the parties have agreed otherwise when concluding the insurance contract or if BTA has not received written objections of the Insured Person within 2 (two) working days after the conclusion of the insurance contract; thereby all provisions of the respective insurance contract are binding on the Insured Person, including the clause of the court of arbitration, and the Insured Person is not considered a third party in terms of Article 487 of the Civil Procedure Law of the Republic of Latvia.
- 10.3.** Parties of the insurance contract are not entitled to assign any of their claim rights ensuing from the insurance contract to third parties, including already existing or possible claim rights.
- 10.4.** If, when signing an insurance contract, the Customer does not inform BTA of another procedure, then also in the events the Insurance Indemnity paid out by BTA covers only part of the losses of the Insured Person, BTA may use its recourse rights irrespective of whether the Assured enforces or not enforces its rights to pursue a claim against the guilty party. BTA and the Customer or the Insured Person may agree in a written form on co-operation in loss recovery, including on bringing a joint action and sustaining it.
- 10.5.** By concluding the insurance contract the Customer certifies that it allows BTA as the manager of the system, personal data recipient and personal data operator, to process personal data of the Customer, including sensitive personal data and personal identification (classification) codes in accordance with the Personal Data Protection Law and other effective laws and regulations of the Republic of Latvia for risk appraisal. As well as certifies that it allows BTA to receive information from state personal data processing institutions and Register of Debtors of the Bank of Latvia on the Customer, if such information is necessary for BTA, and that the Customer is informed that in the events prescribed by effective regulatory enactments of the Republic of Latvia, BTA will provide information on the Customer to the Register of Debtors. Certification referred to in this Article shall be valid also in regard to the persons who conclude insurance contracts on behalf of a legal entity.
- 10.6.** If, when signing an insurance contract, the Customer does not indicate otherwise, the Customer agrees that BTA send the Customer insurance proposals both for renewal of the already concluded insurance contracts, and conclusion of other insurance contract irrespective of the type of insurance.
- 10.7.** During the validity period of the insurance contract the Customer and the Insured Person are obliged to present the insured vehicle to the representative specified by BTA within 3 (three) working days after receiving a respective request of TA. If this obligation is not fulfilled, BTA is entitled to not pay out the Insurance Indemnity upon occurrence of the risks referred to in the insurance contract.
- 10.8.** All the terms and provisions, which apply to the insured towing vehicle in a coupling, apply also to the trailer of the vehicle, which has been insured pursuant to the present terms and conditions (driver of the towing vehicle is also the driver of the trailer).
- 10.9.** Regulatory enactments of the Republic of Latvia will be applied to regulate contractual relations ensuing from the insurance contracts concluded

pursuant to these Terms and Conditions.

10.10. These Terms and Conditions come into force from the moment the BTA Board approve them.

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