

CORPORATE PROPERTY INSURANCE CONDITIONS

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These terms and conditions shall apply to insurance contracts of ERGO Insurance SE where the insured object is the property used in a business. In any matters not resolved by these terms and conditions, the parties to an insurance contract shall be guided by the general terms and conditions of insurance contracts, the Law of Obligations Act and other legislation.

1. Insured object

- 1.1. The insured object, as specified in the insurance contract, is:
 - 1.1.1. structure (building, civil engineering works, interior);
 - 1.1.2. movable property (inventory, equipment, goods).
- 1.2. The insured object shall not include a motor vehicle subject to registration, cash, securities and other documents, information and software contained in information processing systems, weapons, ammunition, explosives, samples, prototypes, plants, animals, antiques, items of precious metal and other precious materials.
- 1.3. The insured objects are defined as follows.
 - 1.3.1. Building
 - 1.3.1.1. The building is a structure that is permanently connected to the ground and its essential parts, such as bathtubs, shower booths, sanitary equipment, built-in furniture, suspended ceilings, built-in low voltage wiring for communications, TV and sound equipment, security alarm and fire alarm systems; permanently installed surveillance cameras, antennas, sunshades, lighting fittings and advertising facilities, except for electronic display boards, such as LED-screens, other parts that are permanently connected to the building which cannot be removed without damaging the building or the removable part.
The utility systems of the building are the insured object up to the border of the property, but not beyond the connection point to the public system.
 - 1.3.1.2. The insured object does not include the following assets:
ventilation, local extraction, heating, vapour production, water supply, sewerage, refrigerating and cooling systems, which are only or mainly intended for use in the production process; transformers that are not part of the building; items installed on the external surfaces of the building which are not parts of the building; civil engineering works; other assets that include inventory and equipment and/or goods.
 - 1.3.2. Civil engineering works.
 - 1.3.2.1. The civil engineering works is a structure that is permanently connected to the ground and is other than a building in the meaning of the Building Act.
 - 1.3.2.2. In addition to the building, insurance also covers the civil engineering works that are attached to the building and are located on the territory of the company: lighting fittings, flagpole, barrier, fence, etc. in the amount of up to 15 000 euros.
 - 1.3.2.3. The insured object does not include a road, car park, water body, square, forecourt, rubbish bin, container, depository, structure with a total area of over 20 m² and temporarily installed structure.
 - 1.3.3. Interior.
 - 1.3.3.1. Interior includes all parts of a structure whose

removal does not damage the persistence and external appearance of the building, parts of adjacent room structures and the rights of possessors of adjacent rooms. The insured objects also include the doors and windows of rooms, including external doors, low voltage wiring for communications, TV and sound equipment, security alarm and fire alarm system.

- 1.3.3.2. The insured object does not include furniture, lighting fittings, curtain poles and any other assets that may be regarded as inventory and equipment and/or goods.
- 1.3.4. Inventory and equipment.
 - 1.3.4.1. The insured object includes the following assets locating at the covered place specified in the insurance contract: equipment and machinery, spare parts and accessories, tools, furniture, curtain poles and busbars, carpets, mobile heating elements, fire extinguishers and other inventory; ventilation, local extraction, heating, vapour production, water supply, sewerage, refrigerating and cooling systems; transformers that are not parts of the structure; fuel that is not intended for resale; motor vehicles not subject to registration.
 - 1.3.4.2. The insured object in the form of inventory and equipment does not include the structure and goods and the assets listed in clause 1.2. hereof.
 - 1.3.4.3. The inventory and equipment can be insured both with and without a list of the insured assets. In both events, the insured object also includes the inventory and equipment acquired during the insurance period to the extent of 10% of the sum insured for the inventory and equipment, but not more than to the extent of 7000 euros.
 - 1.3.4.3.1. Insurance on the basis of a list.
The insured object is proprietary assets that are located at the covered place and are included in the list of insured assets. The list of insured assets shall be submitted upon conclusion of an insurance contract. Each individual item is a separate insured object. If the policyholder has failed to submit a list of the insured assets, the inventory and equipment are considered to be insured without a list in accordance with the provisions of clause 1.3.4.3.2 and compensation shall be based on under- or over-insurance. In case of under-insurance, insurance indemnity shall be paid in proportion to the ratio of the sum insured of the list specified in the contract to the insurable value of non-current assets and supplies at the time of occurrence of the insured event.
 - 1.3.4.3.2. Insurance without a list.
The insured object includes all the non-current assets and supplies, recognised in the balance sheet and located at the covered place and according to the acquisition documents, except for the assets

listed in clause 1.2. Each individual item is a separate insured object whose sum insured is its acquisition cost.

1.3.5. Goods.

1.3.5.1. The insured object includes the goods (including raw materials, semi-finished and finished products, packaging materials and goods) that are specified in the insurance contract and located at the covered place and which the policyholder intends to sell.

1.3.5.2. The goods do not include the structures, inventory and equipment and the assets listed in clause 1.2 hereof.

2. Covered place

- 2.1. The covered place includes the structure(s) specified in the insurance contract or the interior room(s) of the structure(s).
- 2.2. In case of fire insurance, the insurance cover applies to the movable assets also on the territory of the company located at the address specified in the insurance contract.
- 2.3. If the policyholder has insured all his/her assets, the insurance contract with several different covered places is deemed to cover also the goods relocated among covered places during the insurance period. The relocated assets are insured against such insurance risks that are specified per respective insured object in the insurance contract at the place where the insured event takes place.

3. Insurable value and limit of indemnity

- 3.1. The insurable value of structure and goods is the replacement value.
- 3.2. The insurable value of inventory and equipment is the replacement value or market value.
- 3.3. The replacement value of structure is understood as the necessary and reasonable expenses for restoration of a structure into an equivalent new structure (with the same technical indicators and characteristics and serving the same purposes). If a structure is not restored, the insurable value of the structure is understood as its usual local construction value, less a reasonable amount reflecting the condition of the structure, mainly its age and amortisation, i.e. depreciation.
- 3.4. The replacement value of goods is understood as the lower of the purchase and re-acquisition value of equivalent goods (with the same technical indicators and characteristics and serving the same purposes) immediately before occurrence of the insured event.
- 3.5. The replacement value of inventory and equipment is understood as the re-acquisition value of new equivalent assets (with the same technical indicators and characteristics and serving the same purposes) immediately before occurrence of the insured event.
- 3.6. The market value is understood as the necessary and reasonable expenses for re-acquisition of equivalent assets (with the same technical indicators and characteristics and serving the same purposes). The market value is used for over four-year old assets and over two-year old computer equipment or in case if the insurable value is specified as the market value in the insurance contract. The age is calculated on the basis of the date when the insurance contract is concluded, whereat the asset's year of manufacture is subtracted from the current year.
- 3.7. The limit of indemnity is the maximum amount that will be paid out and is smaller than the sum insured agreed upon in the insurance contract.
- 3.8. The policyholder is liable for specifying the correct insurable value. If the specified insurable value is not correct, the conditions of over- or under-insurance, respectively, shall apply to the insured event.

4. Exclusions.

- 4.1. Damage and costs shall not be compensated if they are directly or indirectly caused by:

- 4.1.1. war, civil war, invasion, civil unrest, coup d'etat, strike, extraordinary situation, terrorism, expropriation;
- 4.1.2. use of chemical, biological, biochemical or electromagnetic weapons;
- 4.1.3. use of nuclear energy for any reason whatsoever or its getting out of control;
- 4.1.4. radioactive radiation and radioactive contamination;
- 4.1.5. blasting or extraction works;
- 4.1.6. earthquake, movement of the earth's surface or landslide;
- 4.1.7. construction work performed at the covered place. Construction work means the establishment, extension, reconstruction of a building, modification or replacement of utility systems and demolition of a building or its parts. Reconstruction of a building means modification of the border structures (outer wall and roof) of the building and the modification and/or replacement of stiffening and bearing structures (foundation, intermediate and roof ceilings). Construction works do not include maintenance or repair works of a building (e.g. painting, replacement of flooring, windows or doors);
- 4.1.8. any fact of which the policyholder was aware before conclusion of the insurance contract.

5. Expenses arising from damage prevention, demolition and cleaning works

- 5.1. Upon an insured event, the insurer shall compensate for:
 - 5.1.1. necessary and reasonable expenses for preventing or reducing damage;
 - 5.1.2. necessary expenses incurred for demolition and cleaning works performed due to the insured event;
 - 5.1.3. expenses related to restoration of a part of the building being the insured object, the incurrence of which is required by the applicable legislation and compensation for which has been agreed upon with ERGO.
- 5.2. The limit of indemnity for expenses listed in clause 5.1. is 10% of the sum insured for the property being the insured object.

6. Compensation for damage

- 6.1. The amount of damage comprises the amount for compensating for the expenses necessary for restoration of the insured object that has been damaged, destroyed or lost as a result of the insured event, as well as for the expenses specified in clause 5.
- 6.2. The amount of indemnity per insured event is limited with the sum insured (plus the expenses specified in clause 5) or the agreed limit of indemnity.
- 6.3. The insurance indemnity shall be calculated based on the insurable value of the insured object, which was damaged, destroyed or lost as a result of the insured event, immediately before the insured event.
- 6.4. The following formula shall be used for calculating the insurance indemnity:
$$\text{Insurance indemnity} = \text{amount of damage} \times \frac{\text{the sum insured}}{\text{insurable value}} - \text{excess}$$
- 6.5. The above formula shall not be used in case of over-insurance. Upon over-insurance, the insurer shall compensate for the amount of damage to the extent of insurable value, less excess and unpaid premiums.
- 6.6. If the above formula is applied to insurance with the limit of indemnity, the maximum amount of insurance indemnity is the limit of indemnity agreed upon in the insurance contract, less excess and unpaid premiums.
- 6.7. If the insurable value of a building is the replacement value, the insurer shall compensate at first the indemnity portion, which also includes depreciation of the building. The remaining portion shall be compensated on the basis of calculations submitted for restoration of the building provided the policyholder will use the indemnity to restore a building of the same type and with the same purpose and at the same place within two years as of commencement of compensation. At the same time, the policyholder must have supplied evidence that he/she has used the first received indemnity for restoring the same building.
- 6.8. If the insurable movable property is insured as a set of items,

- the sum insured for such set shall be proportionally distributed among the items according to their insurable value.
- 6.9. If the sum insured differs from the insurable value by less than 10%, under-insurance shall not be applied.
 - 6.10. If the policyholder has concluded several insurance contracts per covered place on the basis of these terms and conditions, only one excess that is the largest shall be applied to an individual insured event.
 - 6.11. The sum insured shall not be reduced by the amount of indemnity paid out.

7. Obligations of the policyholder

- 7.1. The policyholder has the obligation:
 - 7.1.1. to allow the representative of the insurer to examine the insured object and the documents necessary for conclusion of the insurance contract;
 - 7.1.2. upon occurrence of an insured event, the policyholder has the obligation:
 - 7.1.2.1. to immediately inform the police of what has happened if deliberate actions of a third party are suspected;
 - 7.1.2.2. to immediately inform the local rescue service if fire has occurred or an explosive has detonated;
 - 7.1.2.3. in all other events, the relevant competent bodies or persons should be informed;
 - 7.1.2.4. if possible, to retain the scene of the insured event intact until the orders are given by the insurer;
 - 7.1.2.5. to present the damaged asset in the condition as it was after the insured event or the remnants of such asset to the insurer for inspection. The insurer may not start to restore the damaged asset or recycle the destroyed asset without the consent of the insurer;
 - 7.1.3. to comply with all safety requirements arising from the applicable Estonian legislation, the manufacturer's manuals for the equipment and these safety requirements.

8. Safety requirements

- 8.1. The policyholder is required to comply with the requirements established by the Fire Safety Act.
- 8.2. The automatic fire alarm system specified in the insurance contract must be in an operable condition and switched on 24 hours a day.

- 8.3. The automatic fire extinguishing system specified in the insurance contract must be in an operable condition.
- 8.4. Constructional fire protection.
 - 8.4.1. Fire doors must be closed, except for automatically functioning doors whose unobstructed closing must be secured.
 - 8.4.2. The blocking of fire doors (entrapment, tying, etc.) is prohibited.
 - 8.4.3. Fire doors, traps and doors must be maintained regularly.
 - 8.4.4. Any holes in firewalls and intermediate ceilings, penetrations (ducts) of pipes and cables must be tightened or closed in accordance with the requirements for fire safety systems.
- 8.5. Security alarm system.
 - 8.5.1. Upon leaving a building or room, the security alarm system specified in the insurance contract must be turned on.
 - 8.5.2. The security alarm system must be installed so that all assets insured against burglary risk would be located within the operating scope of the security alarm system. No place in a room may remain outside the operating scope of the security alarm system sensors due to storage, construction engineering solutions, furniture arrangement, etc. It should be considered that the building or its room may be broken into through the door, window, wall, roof, etc.
 - 8.5.3. The security alarm system must operate so that it would be activated in case of threat and secure transmission of alarm. The policyholder is required to ensure that in case the security alarm system is activated and an alarm is received, an employee of the security company or a representative of the policyholder shall inspect the building or room being the covered place, both inside and outside.
 - 8.5.4. The security alarm system must be in an operable condition and its functioning may not be disturbed due to the actions or omissions of the policyholder or persons considered equal to him/her.
 - 8.5.5. The security alarm system codes may not end up in the hands of any third parties.
- 8.6. Smoking is allowed only at specifically designated and furnished places.
- 8.7. Upon leaving a building or room, all doors, windows, traps and other openings of the building or room being the insured place must be closed and locked so that it is not possible to enter the covered place without breaking or removing the barrier or lock that prevents access to the place of location of the asset. Upon loss of the key or code or their ending up in unlawful possession of a third party, the policyholder shall immediately replace the lock or code.