

CONDITIONS OF BUSINESS INTERRUPTION INSURANCE

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These terms and conditions apply to insurance contracts concluded with ERGO Insurance SE, which include business interruption insurance. The terms and conditions of business interruption insurance are applied only together with the terms and conditions of property insurance. In any matters not resolved by the terms and conditions of business interruption insurance, the parties to an insurance contract shall be guided by the terms and conditions of property liability of the company.

1. Insured object

- 1.1. The insured object includes the following items related to the business activity specified in the insurance contract:
 - 1.1.1. operating profit not received due to the insured event;
 - 1.1.2. fixed expenses, i.e. expenses that remain constant notwithstanding a change in the volume of output (goods, services) as a result of the insured event;
 - 1.1.3. other income and expenses separately agreed upon in the insurance contract.
- 1.2. Operating profit is calculated by subtracting from the sales revenue:
 - 1.2.1. cost of sold output;
 - 1.2.2. fixed costs;
 - 1.2.3. variable costs, i.e. costs that are directly related to a change in the output volume.
- 1.3. The insured object does not include:
 - 1.3.1. cost for acquiring goods;
 - 1.3.2. transport costs related to sale of output;
 - 1.3.3. costs based on turnover;
 - 1.3.4. profit and cost not directly related to the insured business activity (such as interest income, real estate transactions, etc.);
 - 1.3.5. penalties, sanctions and claims for indemnity arising from non-performance or undue performance of the contractual obligations.

2. The following shall not be insured

An insurance contract shall not be insured if this is applied for by:

- 2.1. a company making a loss;
- 2.2. a company whose assets (incl. buildings, inventory, stocks of materials and/or goods) directly used in the insured business activity are not insured at ERGO Insurance SE or are knowingly insured with under-insurance;
- 2.3. a company whose accounting system does not correspond to the provisions of clause 8.

3. Insured event

- 3.1. The insured event is insured business interruption, which is caused by the insured event of property liability under the insurance contract of the company concluded between the policyholder and ERGO Insurance SE (e.g. fire, storm), which is specified as an insured risk of business interruption.
- 3.2. The following shall not be compensated:
 - 3.2.1. damage related to damage, destruction or loss of cash, securities and other documents, plans, drawings, punch cards, magnetic tapes or other data carriers, accounting documents or any other written records;
 - 3.2.2. damage caused by a decision or omission of an official, unforeseeable delay in permission or control proceedings;
 - 3.2.3. damage caused by the fact that the liability period has been used at the request of officials also for making such improvements, expansions or changes which are not compensated under this insurance contract;

- 3.2.4. damage caused by non-performance or undue performance of contractual obligations by the contractual partners;
- 3.2.5. damage caused by absence of electricity, water, gas or heat supply, or insufficiency thereof, except when loss is caused by an insured event;
- 3.2.6. damage subject to compensation by a third party or under another insurance contract.

4. Liability period

Liability period is the time period that is agreed upon in the insurance contract, the amount of damage calculated within which shall be compensated. Liability period begins upon occurrence of an insured event and lasts until damage arisen from the insured event of property insurance of the company and the damaged property can be used again, or until the sales revenue from insured business activity has reached the level as it was before the insured event.

5. Calculation period

- 5.1. Calculation period is the time period the financial indicators of which are taken as a basis for calculating the insurance indemnity.
- 5.2. If business interruption is shorter than the liability period, the calculation period ends when the sales revenue has reached the level as it was before the insured event.
- 5.3. If business interruption is longer than the liability period, the calculation period is the liability period.

6. Insurable value

Insurable value is the total amount of monetary values of the insured objects of the liability period specified in the insurance contract.

7. Excess

- 7.1. Excess is the amount of money agreed upon in the insurance contract which shall be borne by the policyholder upon each insured event, or the time period for which no indemnity is paid.
- 7.2. Time-related excess begins on the date when the insured event takes place.

8. Requirements for the policyholder's accounting system

- 8.1. The policyholder is required to arrange its accounting system in accordance with the legislation of the Republic of Estonia.
- 8.2. Two (2) copies shall be made of the inventory reports, balance sheet and income statement, such copies must be kept in safe conditions and separately for avoiding simultaneous destruction.
- 8.3. If the conditions specified in clauses 8.1. and 8.2. are not met, the insurer does not have the obligation to pay indemnity upon the insured event insofar as the insurer's obligation or the extent thereof cannot be identified due to such breach.

9. Principles of compensation

- 9.1. The business activity specified in the insurance contract is insured to such an extent and for such a covered place as agreed upon at time when the insurance contract is concluded. The policyholder is required to notify the insurer of the business activity specified in the insurance contract or the circumstances that essentially influence its insurable value. Such circumstances

may include, for example, acquisition of production machinery and equipment, establishment of new buildings, expansion of production, etc.

- 9.2. Should it appear that the business activity specified in the insurance contract will not be continued, the amount of loss shall be calculated for the time period which, according to an expert assessment, would have been necessary for resuming the same business activity during a period not exceeding the liability period. In such case, only operating profit is compensated.
- 9.3. The amount of under-insurance shall be determined by the ratio of the sum insured to the insurable value. Upon under-

insurance, damage shall be insured in proportion to the ratio of the sum insured to the insurable value.

- 9.4. If the insurance indemnity has been reduced or its payment refused under the conditions of property insurance of the company, the insurer has also the right to reduce the indemnity of business interruption insurance or refuse to pay it, respectively.
- 9.5. The prices of materials, substances and services used in the business activity shall be determined on the basis of applicable market prices. The same also applies to different departments of a company and settlements of different companies within a group.