

LIABILITY INSURANCE FOR BUSINESS TERMS AND CONDITIONS

The insurance contract is in Latvian language. This is a translation for information purposes.

1. TERMS AND DEFINITIONS



Terms used in these Terms and Conditions but not explicitly defined herein, shall bear the same meaning as defined in the General Insurance Terms and Conditions annexed to the Insurance Contract.

- 1.1. **Insured Activity** – economic activity or any other type of activity specified in the Policy, or a product made, or a service provided during such activity.
- 1.2. **Insured** – a person specified in the Policy, in whose favour an insurance contract is concluded and whose Third Party liability is insured. The Insured persons also include any employed natural persons who have entered into employment agreement, training agreement or contractor agreement with the Insured, or are acting on behalf of the Insured by virtue of authorisation.
- 1.3. **Insured Object** – Insured's Third Party liability for damages caused to a Third Party due to the Insured Event.
- 1.4. **Civil Liability** – an obligation of the Insured to compensate damages incurred by a Third Party caused by action, omission or by violation of the general duty to act with care and diligence.
- 1.5. **Third Party** – any person other than Insured. Persons related to the Insured through employment, except in case of Employer's Liability insurance, shall not be deemed as Third Parties.
- 1.6. **General Liability** – Insured's civil liability for damage caused to Third Parties while carrying out the Insured Activity.
- 1.7. **Product Liability** – Insured's civil liability for damage caused to Third Parties caused by the the Product specified in the Policy.
- 1.8. **Product** – an item (movable asset) created by the Insured during Insured Activity, or the result of a service rendered by the Insured during Insured Activity.
- 1.9. **Damage** – includes the following incidents:
 - 1.9.1. harm caused to health and life;
 - 1.9.2. non-pecuniary damages (moral damage);
 - 1.9.3. physical damage to or loss of the property;
 - 1.9.4. consequential damages arising directly from the harm caused to person's health and life, or physical damage to or loss of the property.
- 1.10. **Losses** – are monetary expressions of damage.
- 1.11. **General Liability Insurance Territory** – a territory specified in the Policy or a place where Insured Activity is carried out and which is covered by insurance for the damages caused.
- 1.12. **Product Liability Insurance Territory** – a territory specified in the Policy which is covered by insurance for the damages occurred.
- 1.13. **Employer's Liability Insurance Territory** – a territory specified in the Policy which is covered by insurance in case of an accident.
- 1.14. **Construction Work** – all works related to the construction, repair, reconstruction or demolishing of buildings, engineering structures, networks or systems (including, but not limited to, excavation, bricklaying, concreting, assembling works, building foundations, roofing, lining works, equipment installation, launch and adjustment).
- 1.15. **Environmental Pollution** – emission, dispersion, release, spillage or leakage to the soil, and/or ground, water bodies of smoke, steam, soot, acids, alkali, toxic chemicals, liquids or gas, waste or any other irritant chemicals or pollutants.
- 1.16. **Property Entrusted to the Insured** – property owned by Third Parties which at the moment of occurrence of damages is:
 - 1.16.1. held or stored by the Insured, or the Insured performs its transportation, repair, assembly, mending, or it is entrusted to the Insured for any other purposes. Buildings or territories where the Insured is carrying out Construction Work shall not be deemed as Property Entrusted to the Insured;
 - 1.16.2. let to the Insured (including leasing) or which the Insured has borrowed or is using on any other legitimate basis for the purpose of performance of the Insured Activity.

- 1.17. **Professional Activity** – activity based on the respective knowledge, skills and intellectual work, which requires special vocational training and/or studies and which is governed by laws and regulations.
- 1.18. **Claim** – a written statement of claim for compensation of the damage caused to a Third Party, which is addressed to the Insured as the responsible person or Insurer.
- 1.19. **Retroactive Period** – a period of time from the retroactive date specified in an Insurance Contract before the start of the Insurance Period during which occurred damages shall be compensated by the Insurer provided that at the moment of concluding the Insurance Contract neither of the parties knew about the probability of incurring such damages.
- 1.20. **Extended Reporting Period** – 3 months or a period of time specified in the Policy starting from expiry of the Insurance Period. If an Insurance Contract is terminated prior to expiration of the Insurance Period, the Extended Reporting Period shall start as of the moment of termination of the Insurance Contract.
- 1.21. **Contractor** – a natural person or a legal entity that has entered into agreement with the Insured and whose services the Insured is using for carrying out its Insured Activity (including, but not limited to, a contractor, subcontractor or supplier contracted by the Insured).
- 1.22. **Employer** – a company, institution, organization or any other organizational establishment regardless of its legal form or type of economic activity that makes, or is obliged to make, compulsory social insurance contributions for insuring their employees against Occupational Accidents.
- 1.23. **Employee** – a natural person employed for the benefit of and in the interests of the Insured, in respect of whom the Insured makes or is obliged to make compulsory social insurance contributions.
- 1.24. **Occupational Accident** – accident at work (while carrying out job duties) or at workplace (during the break or lunchtime at work while an Employee is physically present at the company's premises or in its territory) that has caused a temporary disability, partial or complete loss of capacity for work, or death of the Employee and that has been investigated according to the established procedure and acknowledged as an Occupational Accident. An accident related to job duties during which the Employee is exposed to physical, chemical, hygiene, biological or psychological factors of the workplace environment shall also be deemed as Occupational Accident if such factors cause the Employee's death or harm to their health.
- 1.25. **Occupational Disease** – acute or chronic illness caused by one or more harmful or dangerous workplace environment factors and which is acknowledged as occupational disease according to the procedure stipulated in the laws and regulations.

2. CONDITIONS OF INSURED EVENT



- 2.1. Insured Event – is a sudden and unexpected event related to the Insured Activity that causes Damage to a Third Party if all of the following conditions are met:
 - 2.1.1. the event happened and the Damage occurred in the insurance territory specified in the Insurance Contract;
 - 2.1.2. the event happened and the Damage occurred in the Insurance Period or Retroactive Period, if specified in the Insurance Contract;
 - 2.1.3. a Claim was submitted to the Insured or the Insurer within the Insurance Period or within the Extended Reporting Period;
 - 2.1.4. the Insured neither knew nor could reasonably be expected to have known about the incident or Damage before conclusion of the Insurance Contract;
 - 2.1.5. the Insured shall be held liable for the Damages pursuant to the laws and regulations of the Republic of Latvia.

- 2.2. All Claims for Damages incurred due to the same reason and under the same circumstances, which one or more Third Parties submit pursuant to the procedure stipulated in the Insurance Contract and by the laws and regulations, shall be deemed as the same Insured Event and subject to the terms of the Insurance Contract in force at the time of notification.
- 2.3. The moment of the Damage is deemed to have happened when a Third Party becomes aware (or is reasonably expected to have become aware) of the Damage. If the moment of occurrence of the Damage cannot be determined precisely, the Damage shall be deemed to have occurred at the moment when the first claim for damages was brought to the Insured.
- 2.4. If upon occurrence of the Insured Event it turns out that the same risk is insured with several Insurance Contracts in different insurance companies, then the losses shall be indemnified in accordance with this Insurance contract only if the event is not insured under the terms of previously entered into force insurance contract.

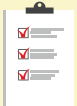
3. GENERAL LIABILITY INSURANCE



- 3.1. Where the Policyholder and the Insurer agree on General Liability Insurance and it is specifically stated in the Policy, this insurance **covers** the Insured's civil liability for the Damage to the property, health and life of Third Parties to the extent as it is described in insurance contract:
- 3.1.1. arising from the operation of the buildings, premises or territory specified in the Policy;
- 3.1.2. arising from the operation of signboards and advertising boards throughout the territory of the Republic of Latvia;
- 3.1.3. arising from the Insured Activity while carrying out by the Insured in the territory specified in the Policy;
- 3.1.4. arising while using self-propelled machinery or vehicles for the purpose of carrying out the Insured Activity, except where Damage is subject to compensation pursuant to the Law on Motor Third Party Liability Compulsory Insurance;
- 3.1.5. made during loading/unloading operations where self propelled machinery or vehicles are used except if Damages are caused to the cargo to be loaded/unloaded;
- 3.1.6. arising from simple physical actions performed by Employees when participating in trade shows, fairs or conferences where the Insured takes part in relation to the Insured Activity in the territory of the European Union, Norway or Switzerland, but which is not connected with the production process, operation or demonstration of production facilities or mechanisms;
- 3.1.7. arising due to maintenance and simple repairs of the existing buildings (premises) for own needs, which do not require a construction permit;
- 3.1.8. arising during activity performed by Contractors that provide cleaning and maintenance services for buildings, premises or territory where Insured Activity is carried out, including simple repairs which do not require a construction permit, as well as other services related to cleaning and maintenance. Civil liability of the Contractors hired by the Insured is not covered, i.e. after payment of insurance indemnity the Insurer retains the right of subrogation against the person who has caused Damages.
- 3.2. Pursuant to the Liability Insurance for Business Terms and Conditions, General Liability Insurance **does not cover** the Insured's civil liability for the Damage to the property, health and life of Third Parties:
- 3.2.1. relating to the operation of the buildings, premises or territory let to other persons except where such lease of buildings, premises or territory is specified in the Policy as Insured Activity;
- 3.2.2. arising from the operation of buildings, premises or installations that are in demolishable or inoperable (emergency) condition;
- 3.2.3. made to the Property Entrusted to the Insured, unless specified otherwise in the Policy;
- 3.2.4. related to Environmental Pollution, unless specified otherwise in the Policy;

- 3.2.5. caused as a result of the products made or services provided by the Insured (Product Liability);
- 3.2.6. due to misuse of the real estate, e.g. the use of commercial premises for production activities;
- 3.2.7. related to other exceptions stipulated under these Terms and Conditions.

4. ADDITIONAL CONDITIONS TO GENERAL LIABILITY INSURANCE



If the below mentioned Conditions are selected and included in the Policy, the General Liability Insurance is extended with the following coverage:

- 4.1. **The Insurance Condition No. 434/1 in respect of the Damage caused to the Property Entrusted to the Insured**
- 4.1.1. Where the Policyholder and the Insurer agree on applying this Additional Condition, insurance **covers** the Insured's civil liability for the Damage caused to the Property Entrusted to the Insured.
- 4.1.2. Pursuant to this Additional Condition, this insurance **does not cover** the Insured's civil liability for the Damage:
- 4.1.2.1. made to the Property Entrusted to the Insured other than that specified in Policy;
- 4.1.2.2. due to damage to the Entrusted Property or worsening of its condition, or impairment of value as a result of wear and tear, corrosion or any other inevitable natural processes that have occurred while the Entrusted Property is used for its intended purposes;
- 4.1.2.3. due to theft or loss of the Entrusted Property or its damage as a result of criminal activities by third parties.
- 4.1.3. The Insurance Contract shall be subject to all provisions of these Terms and Conditions except those stipulated under Clause 3.2.3.
- 4.2. **The Insurance Condition No. 434/2 in respect of the Damage caused by the Contractors hired by the Insured**
- 4.2.1. Where the Policyholder and the Insurer agree on applying this Additional Condition, insurance **covers** the Insured's civil liability for the Damage made by its Contractors (Subcontractors) while carrying out the Insured Activity in the interests of and pursuant to the instructions given by the Insured. Third party liability of the Contractors hired by the Insured is not covered, i.e. after payment of insurance indemnity the Insurer retains the right of subrogation against the person who has caused Damages.
- 4.2.2. The Insurance Contract shall be subject to all provisions of these Terms and Conditions.
- 4.3. **The Insurance Condition No. 434/3 in respect of Environmental Pollution:**
- 4.3.1. Where the Policyholder and the Insurer agree on applying this Additional Condition, insurance covers the Insured's civil liability for:
- 4.3.1.1. the Damage to the health, life or property of the Third Party as a result of Environmental Pollution;
- 4.3.1.2. for the expenses incurred by the Third Party due to removal of pollutants from water or soil.
- 4.3.2. Pursuant to this Additional Condition, insurance **does not cover** the Insured's civil liability for the Damage:
- 4.3.2.1. if it is related to slow, gradual processes, continuous actions (or omission), or recurring natural phenomena rather than due to sudden, unexpected and accidental causes;
- 4.3.2.2. if the Insured and the competent national authorities have become aware of the fact of Environmental Pollution more than 72 hours after the moment of Pollution, or if it is impossible to determine the exact time when such Pollution occurred;
- 4.3.2.3. due to condition of water (including groundwater), ground, flora and fauna, as well as due to decontamination, prevention or removal of pollutants from the property (water, ground, air, flora or fauna) held or managed by the Insured;

- 4.3.2.4. if prevention or remedying of the particular Damages is done pursuant to the legislation implemented based on Directive 2004/35/CE of the European Parliament and of the Council of 21 April 2004 on environmental liability with regard to the prevention and remedying of environmental damage.
- 4.3.3. The Insurance Contract shall be subject to all provisions of these Terms and Conditions except those stipulated under Clause 3.2.4.



5. PRODUCT LIABILITY INSURANCE

- 5.1. Where the Policyholder and the Insurer agree on Product Liability Insurance and it is specifically stated in the Policy, insurance **covers** the Insured's civil liability for the Damage caused to the property, health and life of Third Parties:
- 5.1.1. made due to a defective or insecure product of the Insured or the services provided by the Insured;
- 5.1.2. as a result a defective or unsafe Product supplied by the Insured in the territory of the European Union, Norway and Switzerland, provided that the reason for the Damage was the Product supplied or the result of the service provided by the Insured, which was distributed in Latvia as consumer goods, unless stipulated otherwise in the Policy;
- 5.1.3. in relation to preparation or provision of calculations, detail designs, sketch drawings or instructions developed by the Insured, if such activity has been carried out by the Insured itself using own resources, and that constitutes an integral part of the production or implementation process for the Product supplied by the Insured.
- 5.2. Pursuant to the Product Liability Insurance Terms and Conditions, this insurance **does not cover** the Insured's civil liability for the Damage:
- 5.2.1. made to the Product of the Insured or the result of the service provided by the Insured, as well as damage arising due to the repeated product presentation or performance of the service, and for damage that is and/or can be remedied by replacing or repairing product of the Insured;
- 5.2.2. caused as a result of a defective Product return or market withdrawal;
- 5.2.3. caused due to the fact that the Product did not meet the expectation, did not perform, whether in part or in full, the promised or expected functions, as well as due to the damage to or disposal of the Product manufactured or processed by the equipment ensured, repaired or maintained by the Insured;
- 5.2.4. that results from the damage to or disposal of the Third Party asset where the Insured's Product forms an integral part of a mixture, component, compound, ingredients, packaging or any other elements, or which is produced or prepared by using the Insured's Products;
- 5.2.5. that results from the use of the Product for purposes other than those intended or due to the failure to comply with the instructions provided in the user manual or other documents describing the Product features and usage, as well as in those cases when the mandatory Product description required by the laws and regulations is missing;
- 5.2.6. caused due to the Product that has no valid certificate (certification, permit), or if such certificate (certification, permit) is mandatory pursuant to the applicable laws and regulations;
- 5.2.7. caused as a result of plant or crop dusting, weed and pest control, or the impact of chemical fertilisers;
- 5.2.8. caused as a result of the drugs, medication, pharmaceutical products or operation of medical equipment;
- 5.2.9. caused as a result of the impact of tobacco products, substances contained in tobacco products, tobacco by-products, or active or passive use, distribution or advertising of tobacco;
- 5.2.10. caused due to other non-insured stipulated under these Terms and Conditions.

6. EMPLOYER'S LIABILITY INSURANCE

- 6.1. Where Employer's Liability Insurance applies, the Third Party will be the Insured's Employee or another person who is entitled to receive insurance indemnity for the injury or death of the Employee, or damage to the property as a result of an Occupational Accident.
- 6.2. Where the Policyholder and the Insurer agree on Employer's Liability Insurance and it is specifically stated in the Policy, this insurance **covers** the Insured's as Employer's liability for the Damage caused to the Employee's health, life and personal belongings to the extent as it is described in Insurance Contract:
- 6.2.1. related to the Insured Activity and/or travels on official duty occurred in the Insurance Territory specified in Policy;
- 6.2.2. during business trip in the territory of the European Union, Norway or Switzerland if the purpose of such appointment is training, conferences, seminars, business negotiations, consultations and similar activities not directly related to the production process, construction process, transportation services etc.;
- 6.3. If Occupational Accident has happened outside the territory of the Republic of Latvia, irrespective of which country's law would apply to the third party's claim for compensation, the Insured's civil liability conditions, its extent, the conditions for exemption from civil liability and the amount of payable insurance indemnity will be determined in accordance with Latvian legislation. Losses shall not be indemnified to the extent that the claim for damages exceeds the Insured's obligation to compensate in case the accident occurred in the Republic of Latvia.
- 6.4. Pursuant to the Employer's Liability Insurance Terms and Conditions, this insurance **does not cover** the Insured's liability for the Damages:
- 6.4.1. incurred by the Employee's Occupational Disease;
- 6.4.2. incurred by the Employee being under the influence of alcohol, narcotic, psychotropic or toxic substances and where it is not caused by technological production processes;
- 6.4.3. incurred as a result of the Employee's action which becomes subject to administrative or criminal prosecution against the Employee;
- 6.4.4. administered by the Employee while carrying out arbitrary work (without Insured's consent) that contradicts the Insured's interests;
- 6.4.5. caused to a natural person working illegally for the benefit of the Insured (in the interests of the Insured);
- 6.4.6. caused to a person for whom the Policyholder does not pay and is not required to pay social or health insurance contributions;
- 6.4.7. that may be indemnified by means of social benefits or health insurance compensations;
- 6.4.8. caused due to other exceptions stipulated under these Terms and Conditions.

7. INDEMNIFIED LOSSES

- 7.1. Indemnified losses shall be calculated and indemnified to the extent not exceeding the liability limits specified in the Insurance Contract in respect of:
- 7.1.1. property damage – reasonable expenses incurred by the Third Party due to physical damage to, destruction or total loss of its tangible property;
- 7.1.2. harm caused to health and life – reasonable expenses incurred by the Third Party due to his/her bodily injury or deprivation of life;
- 7.1.3. non-pecuniary damages (moral damage) – Third Party's suffering, emotional distress, discomfort, psychological shock, emotional depression, humiliation, loss of reputation, limitations of socialization as a result of bodily injuries or death, that may be expressed in monetary value;
- 7.1.4. consequential damages – Third Party's loss of earnings or unearned income as a result of damage to, destruction or total loss of its tangible property, bodily injury, deprivation of life, and loss of income of dependents;
- 7.1.5. the following event investigation and litigation expenses:



- 7.1.5.1. Insured's reasonable expenses approved by the Insurer and incurred due to investigation of an Insured Event including expert examination (establishment of reasons and circumstances of the accident, the amount of damages thereof) and litigation expenses incurred by the Insured in relation to defending a claim at court;
- 7.1.5.2. Litigation expenses which the Insured is obliged to pay in favour of a Third Party or the state as imposed by court in relation to the claim for compensation of damages caused as a result of an Insured Event. Such expenses shall be compensated pursuant to the procedure stipulated under Clause 8.1 of these Terms and Conditions;
- 7.1.5.3. Insured's litigation expenses approved by the Insurer that exceed the reimbursable expenses imposed by court if such court judgement states that the Insured shall not assume third party liability and the event is not recognized as non-insured event.
- 7.2. If the Insured's third party liability is covered under any compulsory insurance contract, Damages under this Insurance Contract shall be indemnified only in the cases and to the extent which is not covered by a compulsory insurance contract for the same Accident or which exceeds the liability limit stated in such compulsory insurance contract.

8. NOT INDEMNIFIED LOSSES



- 8.1. Pursuant to this Insurance Contract, Losses shall not be indemnified:
 - 8.1.1. related to the event investigation and litigation costs to the extent that they arose as a result of a challenging the Insurer's decision and the dispute between the Insurer and the Insured;
 - 8.1.2. if the Insured fully or partially compensates Losses or acknowledges the claim without the written consent of the Insurer, unless the amount of the loss and liability of the Insured is unconditionally correct, and the actions of the Insured do not prevent the Insurer from making sure;
 - 8.1.3. to the extent that arises from the fact that the Insured continues rejecting the Third Party's claims regardless of the Insurer's decision to admit the event as an Insured Event. In such case the Insurer's liability shall be limited to the extent of the claim accepted by the Insured including claim handling costs or litigation expenses incurred before the date when the Insurer has made a decision to admit the event as an Insured Event.
- 8.2. Considering the reasons and consequences of the Insured's actions (omission), a causation with the occurrence of the Insured Event, an increase of Damages, their impact on the Insurer's ability to determine and fully investigate the causes, circumstances, the extent of Damages, or to exercise the right of regress or subrogation, **the Insurer shall be entitled to reduce the amount of reimbursable Damages or to refuse a compensation thereof if:**
 - 8.2.1. the Insured, persons related to the Insured, or Third Party provides the Insurer with false information, describe an Accident stating irrelevant circumstances, causes and/or the amount of Damages, or is trying to mislead the Insurer in any other way;
 - 8.2.2. the Insured does not fulfill its obligations under the Insurance Contract.

9. INSURANCE INDEMNITY



- 9.1. Insurance Indemnity is an amount of money payable for Insured Event, including the event investigation and the litigation costs.
- 9.2. The Insurer shall calculate Insurance Indemnity according to provisions of the Insurance Contract after it has assessed the scope of Damages and circumstances in relation to fulfilment of obligations by the Insured under the Insurance Contract.
- 9.3. Insurance Indemnity shall be paid only after verification of the fact of the Insured Event and the scope of Damages.

- 9.4. Insurance Indemnity per Insured Event and the total sum of Insurance Indemnities throughout the period of validity of the Insurance Contract may not exceed the liability limit per Insured Event and for the entire insurance period specified in the Insurance Contract.
- 9.5. Any outstanding insurance premiums due before disbursement of Insurance Indemnity shall be withheld from the payable Insurance Indemnity.
- 9.6. If as a result of an Insured Event the payable Insurance Indemnity reaches the liability limit, all outstanding insurance premiums regardless of their due dates shall be withheld from the payable Insurance Indemnity.

10. LIABILITY LIMIT



- 10.1. The Parties agree and include in the Insurance Contract the liability limit per each and every claim and for the period in aggregate in respect of each individual condition of insurance coverage.
- 10.2. Liability limits set for individual conditions of insurance coverage form sublimits of the total liability limit. A sublimit is a part of liability limit that forms the maximum amount of Insurance Indemnity according to provisions of the Insurance Contract.
- 10.3. Once the Insurer pays an Insurance Indemnity, the sublimit of the particular risk and the total limit are reduced by the amount of the disbursed Insurance Indemnity.

11. DEDUCTIBLE



- 11.1. Deductible for each condition of insurance coverage shall be specified in the Policy.
- 11.2. Where Insurance Indemnity is paid for several risks related to the same Insured Event, only the highest amount of deductible shall be deducted from the reimbursable amount of indemnified losses.
- 11.3. Deductible shall be applied after the calculated amount of Losses has been reduced by the amounts due to breach of obligations under the Insurance Contract and other reasons for reducing Insurance Indemnity.

12. NON-INSURED EVENTS



- 12.1. The Insured's third party liability shall not be insured and Indemnity shall not be paid for the Damage:
 - 12.1.1. caused to the Insured;
 - 12.1.2. caused to the Insured's Contractors;
 - 12.1.3. which do not arise from:
 - 12.1.3.1. the Insured Activity specified in the Policy;
 - 12.1.3.2. the Product supplied, manufactured or sold by the Insured;
 - 12.1.3.3. buildings, premises, territory, equipment, mechanisms or other objects used for carrying out the Insured Activity;
 - 12.1.4. caused to other persons insured under this Insurance Contract or to persons related to the Insured;
- Persons related to the Insured** – one or several legal and/or natural persons which are, whether directly or indirectly, controlled by the Insured or which exercise the control over the Insured.

- Control** – shares (stocks or other type of capital) held or purchased directly or indirectly, which give their shareholders or managers 20% voting rights in a legal entity's shareholders' meeting, as well as the right to appoint (elect) or to recall the manager, more than a half of the members of the Board of Directors or Supervisory Council (or any other respective management body) in order to exercise actual control of the decisions made by the related persons regarding management of shares (stocks or other type of capital), concluded agreements or any other circumstances.
- 12.1.5. caused by the Insured's Contractors except the activity stated under Clause 3.1.8 of these Terms and Conditions, unless stipulated otherwise in the Policy;
 - 12.1.6. caused by air, maritime or rail transport and/or parts thereof, as well as in connection with the use and/or operation of all types of air, maritime and rail transport, the management of airport, port or railway infrastructure, or any operation performed in their territories;
 - 12.1.7. arising from activities or works carried out and/or performed in oil refineries, power production companies or nuclear power plants and their territories;
 - 12.1.8. arising from construction of a new building, Construction Work that requires a construction permit, unless it is specified in the Policy as Insured Activity;
 - 12.1.9. arising from Environmental Pollution, unless specified otherwise in the Policy;
 - 12.1.10. arising from quarrying, or the use and management of quarries;
 - 12.1.11. arising from the construction, management and operation of bridges, bypasses, tunnels, dams, dikes or towers;
 - 12.1.12. arising from drilling, management and operation of boreholes and wells;
 - 12.1.13. arising from the activity carried out without the necessary permission from the state or municipal authorities, or from the product manufactured or service rendered during such activity;
 - 12.1.14. arising from infringement of the rules governing the use of patent right, copyright, company logo, company symbol, registered design or any other trademarks;
 - 12.1.15. that is justified by, arising from or related to any kind of slander or actual or potential publication of any offensive materials insulting personal honour and dignity, or such materials that contradict an individual's right to privacy and confidentiality principle;
 - 12.1.16. arising from default of or improper fulfilment of the contract (contractual obligations) insofar as the liability under such contract for the Damage caused exceeds the liability stipulated by law as if there were no such contract;
 - 12.1.17. arising from penalty fees, fines, contractual penalties, late payment interest or any other similar penal sanctions;
 - 12.1.18. related to consequential Damages or moral damage caused to a Third Party, unless such Damages have been caused due to bodily injury, death or damage to the tangible property as a result of an Insurable Event (purely financial Damages that do not arise from the Damage caused to the property or health);
 - 12.1.19. related to the damage, destruction, loss, shortage, transfer or improper use of documents, or illegal use of documents, software, any type of data and data media including software or data restoration expenses;
 - 12.1.20. related to the damage, destruction or loss of valuables, cash, artwork or antiquary items, as well as items with artistic, cultural, historical or any other special value, or their components or elements (stained glass, frescos, carvings, paintings, sculptures, precious and non-precious metals etc.). Valuables – precious metals (all types of gold, silver, platinum group), gemstones, pearls, items made of precious metals and gemstones, trinkets, jewellery and artwork, philately, antiquary items, numismatic items;
 - 12.1.21. cause to the Third Party's property as a result of malicious intent of or action by the Insured, which regardless of the circumstances shall be subject to criminal liability;
 - 12.1.22. arising from the actions of the Insured or its authorised persons carried out under the influence of alcohol, narcotic, psychotropic or toxic substances;
 - 12.1.23. related to operation of motor vehicles if such Damage is caused by a road traffic accident;
 - 12.1.24. arising from exposure to the impact of natural processes (micro-organisms, corrosion, rust, mould, fungus, evaporation, loss of weight, natural wear and tear, colour fading or aroma changes) or impairment of value;
 - 12.1.25. that may be deemed inevitable and foreseeable consequences of the Insured's actions;
 - 12.1.26. caused due to continuous, permanent or gradual exposure to temperature, gas, steam, smoke, soot, dust, moisture, precipitation, water ingress, vibration, impact of noise or similar factors or their consequences, including when such Damage has occurred suddenly and unexpectedly;
 - 12.1.27. arising from fluctuating groundwater levels, subsidence, landslide or floods;
 - 12.1.28. caused by wild animals or pets kept by the Insured;
 - 12.1.29. arising from the production, use, management, storage or distribution of pyrotechnic products or any types of ammunition or explosives;
 - 12.1.30. arising from the production or use of flammable materials, except where such flammable materials are used in the technological process in line with all safety requirements;
 - 12.1.31. arising from the supply, sale or installation of plastic (without metal frame, internal or external metal layer) heating or plumbing pipes (elbows, valves, couplers etc.) or their components, unless where such pipes and their components are certified by the European Union;
 - 12.1.32. related or arising, whether directly or indirectly, from:
 - 12.1.32.1. electromagnetic field (EMF) and/or any type of electromagnetic radiation (EMR) including, but not limited to, the impact of EMF/EMR irradiated by mobile phones, power lines or any type of electronic device;
 - 12.1.32.2. the storage, use, loading and transportation of prohibited or unauthorised materials or their components, as well as from the contamination with such materials;
 - 12.1.32.3. the impact of ionising radiation or radioactive pollution, or from the radioactive, toxic, explosive or any other dangerous impact of any explosive nuclear mixture or their ingredients;
 - 12.1.32.4. genetically modified product ingredients with altered genetical code, as well as from the products containing genetically modified ingredients;
 - 12.1.32.5. the active and passive use of diethylstilbestrol (DES) and its derivatives, as well as contraceptives;
 - 12.1.32.6. asbestos dust or asbestos containing materials, or materials containing urea-formaldehyde, lead, polychlorinated biphenyl (PCB), dioxins or any organic pollutants;
 - 12.1.32.7. the swallowing, inhalation, absorption of silicon dioxide or any other type of its presence in the body;
 - 12.1.32.8. Transmissible (infectious) spongiform encephalopathies (TSE) including, but not limited to, bovine spongiform encephalopathy (BSE) or from the presence of the new variant form of human Creutzfeldt-Jakob Disease (CJD);
 - 12.1.32.9. illnesses caused by human immunodeficiency virus (HIV), mutants or strains of this virus, as well as from any illnesses related to the acquired immunodeficiency syndrome (AIDS) or any other similar syndromes;
 - 12.1.32.10. other infectious diseases that are not sudden and unexpected diseases of digestive and intestinal system caused by the activity carried out or the product supplied by the Insured;
 - 12.1.32.11. the presence, inhalation or impact of fungus or spores, as well as from any costs and expenditure that are in any way related to or arising from elimination, reduction, eradication, prevention, detoxification, neutralisation, supervision, monitoring or stopping of their spread, as well as from any obligation to study and assess the presence or impact of fungus and/or spores; The term 'fungus' includes mould, mushrooms, yeasts and any other types or forms of organic pollutants; The term 'spores' includes any material produced by 'fungus'.
 - 12.1.32.12. the use of nanotechnologies;

- 12.1.33. Nanotechnology – an interdisciplinary field of applied science and technology that deals with small molecules or nanoparticles measured in nanometers (a billionth of a metre) and their use in technologies. Nanotechnologies include materials and objects whose size is less than 100 nm;
- 12.1.34. arising from the Professional Activity;
- 12.1.35. caused by warfare, local riots, civil war, military invasion, strike, hostile acts of foreign armed forces, civil unrest, military activities (whether declared or undeclared warfare), rebellions, revolution, terrorism or sabotage, as well as circumstances related, whether directly and/or directly, with political decisions or actions by national or municipal authorities, armed forces, national army, police or special services;
- 12.1.36. arising from or increasing as a result of the Insured's failure to eliminate the circumstances which the Insurer or the respective national authorities have requested to eliminate within a certain period of time;
- 12.1.37. related to claims containing fines and/or penalties, warning and/or instructional measures and exceeding the real harm for instructive, educational, or explanatory purposes to the public and/or the Insured (punitive, exemplary, or treble damages);

13. RIGHTS AND OBLIGATIONS OF THE INSURED



- 13.1. In addition to obligations stipulated under other clauses of these Terms and Conditions and in the General Terms and Conditions annexed to the Insurance Contract, **the Insured shall have an obligation:**
- 13.1.1. while carrying out the Insured Activity, to meet the requirements in respect of fire safety, production technology, occupational safety and other requirements stipulated in the laws and regulations in respect of the performance of such activity;
- 13.1.2. to inform the Insurer within 3 working days about the received Claims or accidents and circumstances as a result of which such Claims may be submitted;
- 13.1.3. to act in line with the Insurer's guidance in respect of establishing the scope of an accident, circumstances or Damages, and retaining the evidence of such circumstances, as well as exercising the Insurer's right of subrogation;
- 13.1.4. to inform the Insurer within 3 working days about the initiated legal proceedings even if the Insurable Event has been already reported thereof.
- 13.2. In addition to rights stipulated under other general clauses of these Terms and Conditions and in the General Terms and Conditions annexed to the Insurance Contract, **the Insured shall have the right:**
- 13.2.1. to participate personally in legal proceedings and court cases;
- 13.2.2. to appoint and involve, at its own discretion and expense, other assessors, experts or lawyers in claim handling processes and legal proceedings.

- 13.3. In addition to rights stipulated under other clauses of these Terms and Conditions and in the General Terms and Conditions annexed to the Insurance Contract **the Insurer shall have the right:**
- 13.3.1. to appoint and involve assessors, experts, lawyers or other persons in order to investigate the circumstances of an accident, to respond to legal claims or insurance claims, as well as to determine the scope of Damages;
- 13.3.2. to give recommendations and to set requirements for the elimination of risks and Damages.

14. INCREASE OF THE INSURED RISK



- 14.1. **An increase of the Insured Risk** shall be deemed:
- 14.1.1. an increase in the Insured's headcount by more than 30% compared to the number declared at the moment of concluding an Insurance Contract;
- 14.1.2. the use of explosive, flammable materials, unless declared before conclusion of the Insurance Contract and if they are not normally used for carrying out the stated Insured Activity;
- 14.1.3. production processes, technologies and materials used in the production process become more hazardous;
- 14.1.4. other circumstances stated by the Insured or established by the Insurer at the moment of conclusion of the Insurance Contract.