

# TERMS AND CONDITIONS OF REAL ESTATE INSURANCE 1/2018

EFFECTIVE AS OF 1 JANUARY 2018

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# PROPERTY INSURANCE

## PURPOSE OF INSURANCE

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1. The purpose of these terms and conditions of real estate property insurance (hereinafter the terms and conditions of property insurance) of Seesam Insurance AS (hereinafter Seesam) is to indemnify for damage arisen as a result of an insured event in accordance with the procedure and to the extent provided for in the terms and conditions of property insurance.
2. An insured event is impairment, destruction or loss of an object of insurance during the insurance period and in the place of insurance due to the realisation of an insured risk, taking into account the restrictions of an insured event provided for in these terms and conditions of property insurance.

## PLACE OF INSURANCE

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3. A place of insurance is the address that is specified in the policy and where the object of insurance is located.

## OBJECT OF INSURANCE

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4. An object of insurance is a legal building or frame of the building located in the place of insurance specified in the policy.

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## BUILDING

5. A building is a construction that has an interior space that is separated from the external environment by a roof and other parts of the building envelope.
  6. The essential parts of a building are in particular the main structures of the building (e.g. the foundation, interior and exterior walls, inserted ceilings, roof), balconies, doors, windows, downpipes, interior and exterior finishing, in-house heating, cooling, water supply, sewerage, ventilation, electric, communications, security and rainwater systems, lifts and escalators and any other systems and equipment supplementing the function of the building, as well as the cables, pipelines, conduits and containers attaching to them. The insurance of a building shall cover solar panels and heat pumps, surveillance cameras, lighting equipment and antennas that are located outside of the building, have been attached to the building and service the entire building.
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7. Unless otherwise specified in the policy, the insurance shall not cover:
    - 7.1. sunshades, advertising signs and temporary awnings installed onto the exterior side of the building;
    - 7.2. equipment only used for professional or economic activities in the building and the constructions, cables, pipelines, conduits, containers, etc., attaching to them;

- 7.3. structures established or equipment installed into the building or a part of the building by the lessee of the building, even if they have been permanently attached to the building.
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## FRAME OF BUILDING

8. When insuring a frame of a building, the insurance shall cover the main structures of the building, its foundation, roof, parts of the building envelope, incl. the exterior windows and exterior doors of the building, downpipes, outdoor lighting fixtures, staircases, lifts, interior finishing of common premises (e.g. interior finishing of the corridor, interior finishing of mechanical rooms) and other commonly used parts of the building. The insurance of a frame of a building shall cover solar panels and heat pumps, surveillance cameras, lighting equipment and antennas that are located outside of the building, have been attached to the building and service the entire building.
9. The insurance of a frame of a building shall cover all the in-house utility systems servicing the building up to the connection starting from which it is possible to separately use and change the system servicing the building.
10. The insurance of a frame of a building shall cover those parts of the enclosed residential premises (e.g. apartment) or non-residential premises (e.g. commercial space) in the sole use of the user of the premises the removal, addition or alteration of which does not change the shape or stability of the building. For example, the insurance shall not cover interior finishing, sanitary equipment, built-in furniture, lighting equipment and other similar parts that remain inwards the load-bearing walls and ceilings of the premises that are in the sole use of the user of the premises.
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## FACILITIES

11. The insurance of a building or frame of a building shall automatically cover:
- 11.1. the outside stationary sewerage, water supply, oil, gas, heating and ventilation systems and electrical wiring up to the common connection point, but not beyond the boundary of the registered immovable of the insured building;
- 11.2. stationary facilities, outdoor lighting equipment, barriers, flag posts, fences and car, waste or other shelters with the area occupied by structures being up to 20 m<sup>2</sup> that belong to the building and are located on the same registered immovable with the building.
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12. The insured sum of the property listed in clauses 11.1 and 11.2 is 15,000 euros for all the property.
13. The insurance shall not cover boat landings, piers, ponds, wells, sculptures, plants, soil, roads, pavements and water.

## INSURANCE COVER OPTIONS

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### **The insurance cover options are:**

14. Real estate insurance or extended real estate insurance.
15. In addition to the real estate insurance or extended real estate insurance cover option, the policyholder may also choose additionally the glass insurance and flood insurance cover option under the terms and conditions and to the extent specified in clauses 61 to 70 of the terms and conditions of property insurance.
16. The insurance cover and additional insurance cover options chosen by the policyholder shall be specified in the policy.

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## REAL ESTATE INSURANCE

17. In the event of real estate insurance option, the insurance shall cover the insured risk of fire, lightning strike, explosion, activation of the fire extinguishing system, theft, vandalism, pipeline leakage and storm.

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### **Fire**

18. Damage caused by fire shall be indemnified. Fire is an uncontrollable combustion process that takes place outside a special furnace, is characterised by emission of heat and/or smoke and causes proprietary or other damage.
19. No indemnity shall be paid for damage:
  - 19.1. caused to electrical equipment if the burning process started as a result of an electrical phenomenon in the same equipment and the fire did not go beyond the boundaries of the equipment;
  - 19.2. caused by heat, other than in consequence of fire;
  - 19.3. caused by heat upon processing the object of insurance with open flame or high temperature.

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### **Lightning strike**

20. Damage caused by a lightning strike that directly hit the object of insurance shall be indemnified. Seesam presumes that as a result of a direct lightning strike there are visible traces of the lightning strike on the object of insurance. Damage caused to parts of an object of insurance as a result of excess voltage shall be indemnified if the lightning strike hits the object of insurance directly.

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### **Explosion**

21. Damage caused by explosion shall be indemnified.
22. No indemnity shall be paid for damage:
  - 22.1. caused by centrifugal force, inner tension, breaking of a gasket or pressure of a liquid;

- 22.2. if the explosion has occurred inside equipment or object that services the insured building and the damages did not go beyond the boundaries of the insured equipment;
  - 22.3. arisen as a result of professional blasting and excavation operations and as a result of an explosion in an explosives warehouse.
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#### **Activation of fire extinguishing system**

23. Damage caused by an unexpected and sudden activation of an automatic fire extinguishing system that is in compliance with the requirements shall be indemnified.
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#### **Theft and vandalism**

24. Damage caused directly by the theft of an object of insurance shall be indemnified.
  25. Damage caused by unlawful deliberate destruction or impairment of insured property by a third party shall be indemnified.
  26. In the event of theft and vandalism, the policyholder shall make a statement to the police and submit the replies received from the police to Seesam.
  27. The interpretation and provision of substance to the definitions of theft and deliberate impairment or destruction of a thing follows from the substance presumably provided to these definitions in the Penal Code.
  28. Seesam shall provide a legal assessment of offences of theft and vandalism in accordance with the legal assessment presumably provided in misdemeanour or criminal proceedings.
  29. If Seesam finds that the legal assessment provided to an offence in misdemeanour or criminal proceedings is incorrect, unlike that set out in clause 28 Seesam shall have the right to provide the events specified in clauses 24 and 25 with a legal assessment that is different from that set out in criminal proceedings.
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#### **Pipeline leakage**

30. Indemnity shall be paid for damage:
  - 30.1. caused by unexpected and sudden direct pouring out or leaking of liquid, steam or gas from a broken or damaged container, pipeline or equipment;
  - 30.2. if the leakage originates from the stationary interior water supply, heating or sewerage system, or steam, gas or oil pipeline of the building;
  - 30.3. if the damage has occurred from the interior rainwater pipeline of the building;
  - 30.4. if the damage has occurred from insured equipment or the stationary pipeline of the equipment or the stationarily installed container of the equipment.
31. The cost of the leaked liquid, steam or gas shall not be indemnified unless otherwise specified in the policy.
32. No indemnity shall be paid for damage:
  - 32.1. caused by an overflow in the interior and exterior sewerage system (well or pipe) of the building in connection with rain, spring thaw or other flood waters;

- 32.2. caused by the clogging of the interior and exterior pipeline of the building provided that no damage has been caused to the pipeline;
  - 32.3. caused by liquid that has flown into the building from the exterior pipeline of the building;
  - 32.4. caused by condensed water;
  - 32.5. that consists in the expenses of elimination and cleaning of the clogging of the pipeline and repair or reacquisition expenses of the damaged utility system.
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### **Storm and hail**

- 33. Damage shall be indemnified if the building and facility has been destroyed directly by storm or hail.
  - 34. Storm is deemed to be a gust of wind with a speed of at least 18 m/s according to the data of the meteorological observation station closest to the place of insurance.
  - 35. If strong wind damages an object of insurance as a result of a smaller gust of wind than that specified in clause 34, the valid presumption is that damage to the object of insurance has a cause-and-effect relationship with the insufficient construction quality of the object of insurance.
  - 36. Damage to windows, doors, antennas or facilities located on the plot shall only be indemnified if caused by a tree fallen as a result of the storm or by any other object carried by the storm.
  - 37. No indemnity shall be paid for damage:
    - 37.1. caused by any flood, incl. the rising of the surface of a body of water, waves emerging as a result of storm wind, the movement or accumulation of ice, spring high water due to melting snow, or downpour. Flood is a temporary rising of the water surface and spread of the water onto land which is usually not under water, as well as the temporary accumulation of water or accumulation of objects or substances carried by water onto land which is usually not under water, if the ground and drainage system established according to the design cannot cope with the extraordinary amount of water induced by a natural event;
    - 37.2. caused by the weight of ice or snow;
    - 37.3. caused by precipitation that penetrated the building through unclosed openings of the building or building shells of the building, except if the openings arose as a result of storm or hail.
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## **EXTENDED REAL ESTATE INSURANCE**

- 38. An insured event of extended real estate insurance is deemed to be impairment of an object of insurance as a result of an unexpected and sudden event, taking into account the restrictions set out in clauses 39 to 60 of the terms and conditions of property insurance.
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## **RESTRICTIONS OF INSURED EVENT**

### **Long-term processes**

- 39. Damage caused by freezing, moistening, wear and tear, rusting, corrosion, spoilage, decaying, moulding, oxidation, the material's fatigue or other similar long-term process shall not be indemnified.

40. Damage arisen as a result of an unexpected and sudden event to another object of insurance or a part thereof due to a part of a building or an object damaged as a result of a process set out in clause 39 shall be indemnified.
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### **Sinking**

41. No indemnity shall be paid for damage:
- 41.1. caused by sinking, rising, freezing or movement of the soil;
- 41.2. caused by cracking, sinking, collapsing, swelling, shrinking, vibration or movement of the object of insurance or a part thereof.
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### **Maintenance expenses**

42. Damage and expenses caused by conventional maintenance, upkeep, renewal or improvement of the object of insurance, replacement or repair of parts shall not be indemnified.
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### **Shortcomings in materials or work**

43. Damage resulting from inadequate work or materials, those of poor quality, products with defects, errors in calculations or drawings, misleading advice or instructions shall not be indemnified.
44. Damage caused by a faulty thing to another object of insurance as a result of the reasons specified in clause 43 shall be indemnified.
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### **Installation, trying and testing**

45. Damage to equipment arisen during installation, assembly, adjustment, testing or overloading of the equipment or trying it in the conditions in which the equipment is not meant to be operated shall not be indemnified.
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### **Contractual liability**

46. Damage subject to indemnification under a sales or maintenance contract, contract for construction services, contract for design services, mandatory liability insurance contract or another contract, including as the guarantor, shall not be indemnified.
47. If the insured person is the producer of the object, damage for which the producer would be liable pursuant to law or the principles or practice generally followed in the respective economic or professional activity shall not be indemnified.
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### **Fines, interest on arrears, interest, non-proprietary damage**

48. Loss of profit, non-proprietary damage and pure economic loss as well as contractual penalties, interest on arrears or interest arising from law or a contract shall not be indemnified.

## **Offence**

49. Damage arising from an offence committed by a third party, except theft of the object of insurance or deliberate impairment or destruction of a thing, shall not be indemnified.
  50. The interpretation and provision of substance to the definitions of theft and deliberate impairment or destruction of a thing follows from the substance presumably provided to these definitions in the Penal Code.
  51. If Seesam finds that the legal assessment provided to an offence in misdemeanour or criminal proceedings is incorrect, unlike that set out in clause 50, Seesam shall have the right to provide the events specified in clause 49 with a legal assessment that is different from that set out in criminal proceedings.
  52. Damage caused by the loss of the object of insurance or a part thereof shall not be indemnified.
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## **Blasting operations**

53. Damage arising from blasting operations or related excavation operations or an explosion in an explosives warehouse shall not be indemnified.
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## **Animals, birds, insects**

54. Damage caused to the object of insurance by insects, birds and animals shall not be indemnified.
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## **Wearing parts**

55. Damage caused to wearing parts of equipment (e.g. lamps, valves, fuses, cables, seals, tapes, belts, ropes, chains, pipes, filters) as a result of wear and tear and to substances needed for operating (e.g. oils, fuels, lubricants, liquids, etc.) shall not be indemnified.
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## **Groundwater**

56. Damage due to any changes in groundwater level shall not be indemnified. Groundwater is free water located on a waterproof layer in the pores, cracks, etc., gaps of rocks and depositions of the earth's crust.
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## **Rising of surface of body of water and downpour**

57. Damage caused by the rising of the surface of a body of water, spring high water and the movement and accumulation of ice shall not be subject to indemnification. Damage arisen from flooding in the building due to downpour shall not be subject to indemnification.
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## **Decrease in value**

58. Damage that constitutes a decrease in the value of or aesthetic damage (e.g. scratches, minor damages, notches) to the object of insurance that does not affect the usability of the object of insurance for its designated purpose shall not be indemnified.

### **Power source failure**

59. Damage caused by a failure of a power source, e.g. electricity, gas, liquid, heat, steam, etc., necessary for operating equipment shall not be indemnified.
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### **Water flown out**

60. The cost of water that has flown out shall not be subject to indemnification.
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## **ADDITIONAL INSURANCE COVER OPTIONS**

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### **GLASS INSURANCE COVER**

61. In the event of an insured event of glass insurance, damage arisen as a result of breakage of insured windows due to a sudden and unexpected non-glass event.
62. In the event of the additional insurance cover of glass insurance, the insurance shall cover window, door and balcony glasses outside a building or frame of a building unless otherwise specified in the policy.
63. The glass insurance cover option shall not cover the façade element whose purpose is not to provide access to daylight.
64. In the event of the glass insurance cover option, damage caused by the following shall not be indemnified:
- 1.1. due to glass installation mistakes or inner tensions affecting glass;
  - 1.2. glass pane of poor quality or moistening of glass pane.
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### **FLOOD INSURANCE COVER**

65. If, in accordance with the policy, the flood additional insurance option applies, damage whose reason or consequence is flood arisen due to storm or downpour shall be indemnified.
66. Downpour is deemed to be a strong rainfall of at least 15 mm within up to 12 hours according to the data of the closest meteorological observation station.
67. Flood as the reason for and consequence of damage is a temporary rising of the water surface and spread of the water onto land that is usually not under water, as well as the temporary accumulation of water or accumulation of objects or substances carried by water onto land that is usually not under water, if the ground and drainage or pump system established according to the design does not cope with the extraordinary amount of water induced by precipitation.
68. Damage arisen due to flood caused by spring high water, the movement and accumulation of ice and the rising of the surface of a body of water shall not be subject to indemnification.
69. Damage arisen as a result of constructional or design errors of a drainage pipeline or system, sewerage or water pipeline shall not be indemnified.
70. If flood damages an object of insurance as a result of a smaller quantity of precipitation than that specified in clause 66, the valid presumption is that the drainage system established according to the design is faulty.

## ADDITIONAL EXPENSES AND ADDITIONAL DAMAGES SUBJECT TO INDEMNIFICATION

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### **Loss of rental income**

71. The policyholder's loss of rental income shall be indemnified if the insured building or a part thereof cannot be used in the case of an insured event of real estate insurance or extended real estate insurance.
72. Indemnity for the loss of rental income is the rental income not actually received by the policyholder in consequence of an insured event, but no more than 0.75% of the insured sum of the building a month.
73. Loss of rental income shall be indemnified for a maximum of six months as of the insured event.
74. Indemnity for the loss of rental income shall be calculated by deducting the expenses saved upon maintenance and use of the damaged building from the loss of rental income.
75. The insurance cover of loss of rental income shall not be valid if the insured person is an apartment association or a risk related to an apartment association has been insured.

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### **Lock replacement expenses**

76. If the master key to an insured building has fallen into the possession of a third party as a result of theft or robbery and it is necessary to renew the locks or install a new lock system for the insured building in order to prevent further damage, the aforementioned expenses shall be indemnified to the value of up to 1,500 euros per insured event, taking into account the deductible.

## PROPERTY INSURANCE INDEMNITY REGULATIONS

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77. The maximum insurance indemnity subject to disbursement is the insured sum of the object of insurance specified in the policy.

### **Indemnification for damages to insured building or frame of building**

78. If an insured building or frame of a building damages due to an insured event, the reasonable expenses of repairing the damages arisen shall be indemnified.
79. The expenses of repairing the damages arisen to an insured building or frame of a building shall be indemnified on the basis of their local construction value.
80. The local construction value shall be found by deducting from the reasoned expenses necessary for restoring the damaged building or frame of the building the part of the value that the insured building or frame of the building has lost due to its age and depreciation by the moment the insured event occurs.
81. The insurance indemnity for the local construction value shall be disbursed in the form of a monetary payment, regardless of whether the object of insurance will be restored or not. The local construction value shall not be deemed to include the expenses set out in clauses 84 and 86.
82. If immediately before an insured event the depreciation of the object of insurance is 50% or lower and the object is restored at the place of insurance within two years of receiving the

first part of the insurance indemnity, the expenses necessary for restoring the object shall be indemnified in addition to the local construction value.

83. The indemnity for restoration expenses shall be paid on the basis of the expense receipts that the policyholder has submitted in respect of the work actually performed.

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#### **Expenses that are deemed to be restoration expenses**

84. The indemnity for restoration expenses is deemed to include reasoned and reasonable additional expenses arising from bringing, upon restoration, a building into compliance with the requirements established by legislation. If restoration expenses along with the expenses arising from requirements established by legislation exceed the insured sum, the limit of indemnity shall be 10,000 euros.
85. Restoration expenses are deemed to include reasoned and reasonable expenses of demolition of a building and transport of waste incurred as a direct and strictly necessary result of an insured event.
86. The indemnity for restoration expenses is deemed to include the expenses necessary for designing a building, e.g. expenses incurred for applying for a building permit, submitting a construction notification, issuing a permit for use, incl. state fee, expenses of drawing up a design, etc. If design expenses along with restoration expenses exceed the insured sum, the limit of indemnity for design expenses shall be 5,000 euros. Design expenses shall be indemnified only in the event of buildings that already had a permit for use before the insured event occurred.

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#### **Indemnification for damage in the event of damage to equipment**

87. In the event of damage to the heating, cooling, water supply, sewerage, ventilation, communications and security systems, lifts and escalators of a building and other equipment supplementing the function of the building, the insurance indemnity calculated in accordance with clauses 78 to 86 shall be reduced by 6% for each year of use of the equipment as of the third year of use of the equipment. The years of use shall be counted from the beginning of the calendar year following the year of first entry into service of the equipment.
88. Restoration expenses of equipment whose service life has ended shall not be subject to indemnification.

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#### **Amount, payment and method of indemnity**

89. Insurance indemnity is the amount of money disbursed in order to indemnify for the damage arisen as a result of an insured event, in accordance with the insurance contract.
90. Method of indemnification is payment of a monetary indemnity to the policyholder or beneficiary.
91. The parties shall have the right to agree on a different method of indemnification.
92. If there is a delay in restoration due to activities of the public authority independent of the policyholder, the period of delay shall be added to the two-year time restriction specified in clause 82. The policyholder shall prove the impediment by the public authority.
93. If the policyholder fully or partially regains a lost object after payment of an indemnity, the policyholder shall immediately assign it to Seesam or refund the respective portion of the indemnity.

## **Underinsurance**

94. Underinsurance occurs in a situation where the insured sum is lower than the insurable value at the moment when an insured event occurs. If the insured sum is lower than the insurable value at the time when an insured event occurs, Seesam shall be liable for the damage in proportion to the ratio of the insured sum and the insurable value at the time when the insured event occurs.
95. If the insured sum differs from the insurable value less than 10%, no underinsurance shall be applied.

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## **Value added tax**

96. The input value added tax that is deductible from the amount of value added tax payable by the recipient of the indemnity pursuant to legislation shall not be indemnified.

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## **Deductible**

97. The policyholder shall bear the deductible with regard to each insured event.
98. The amount of the deductible is set out in the policy or in the terms and conditions of insurance.

# **POLICYHOLDER'S OBLIGATIONS**

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## **Probable increase in insured risk and notification thereof**

99. An increase in the probability of an insured risk is deemed to be an increase in the possibility of realisation of an insured event.
100. An increase in the probability of an insured risk is deemed to be: renting out, reconstruction, construction work, changing the purpose of use and waiver of use of the object of insurance and partial or full waiver of its security systems.
101. The policyholder shall ensure that activities in an insured building are in agreement with the permit for use issued thereto pursuant to the law in force.
102. If the policyholder violates the obligation whose aim was to reduce the probability of realisation of an insured risk, Seesam shall have the right to reduce the insurance indemnity or refuse to pay the insurance indemnity if the violation of this obligation had an impact on the occurrence of an insured event and the performance obligation of Seesam.
103. The policyholder shall immediately notify Seesam of an increase in the probability of an insured risk, but no later than within five working days.
104. If the policyholder does not notify of an increase in the probability of an insured risk in accordance with clause 103, Seesam shall be released from the performance of the insurance contract in full if the insured event occurs after one month has passed from the time when Seesam should have received the respective notice.
105. Seesam shall be notified of a change that has taken place before the beginning of the term of the insurance contract or during the term thereof and concerns the data requested in the insurance application or in any other form upon entry into the insurance policy.

### **Prohibition on increasing probability of insured risk**

106. Increasing the probability of an insured risk is deemed to be the violation of the obligations provided for in the safety requirements of these terms and conditions as committed by the policyholder or people that are regarded as being equivalent to the policyholder in the Seesam's general terms and conditions of the contract.
  107. The policyholder or people equivalent to the policyholder may not violate the obligations specified in the safety requirements.
  108. If the policyholder or people equivalent to the policyholder violate the safety requirements and an insured event occurs due to the aforementioned violation, Seesam shall be released from the obligation to pay an insurance indemnity to the extent in which the violation of the obligation contributed to the occurrence of the insured event.
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### **Policyholder's obligations following occurrence of insured event**

109. Following the occurrence of an insured event, the policyholder shall immediately notify of the insured event and grant Seesam's representative access to the object of insurance, provide the representative with necessary information and disclose contracts related to the insured property. Seesam's representative shall have the right to inspect the object of insurance.
  110. If the policyholder violates intentionally or due to gross negligence an obligation that they had to perform following the occurrence of an insured event and the violation had an impact on the circumstances of the insured event and the establishment of the Seesam's performance obligation, Seesam shall be released from its performance obligation in part or in full.
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### **Burden of proof**

111. In order to receive insurance indemnity, the policyholder shall be obliged to prove the occurrence of an insured event, the occurrence of damage, the reason for the occurrence of damage and the extent of damage.
112. If the policyholder violates the burden of proof, Seesam shall have no obligation to pay insurance indemnity.

## **SAFETY REQUIREMENTS**

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113. Safety requirements constitute obligations imposed on the policyholder with the contract and the aim of the obligations is to reduce the possibility of realisation of an insured risk.
114. For the purpose of probability of an insured risk, the policyholder and people equivalent to the policyholder shall:
  - 114.1. perform a reasonable diligence obligation;
  - 114.2. act prudently and with normal diligence;
  - 114.3. observe legislation in force, instruction manuals of equipment and rules;
  - 114.4. follow the safety requirements provided for in these terms and conditions of property insurance and in the general terms and conditions of the contract.

115. The policyholder shall ensure that insured persons, legal possessors of the object of insurance, the policyholder and people equivalent to the policyholder have been informed of the legislation (e.g. the Fire Safety Act) concerning the object of insurance, the place of insurance and the activities performed there.
116. The policyholder shall ensure compliance with the terms and conditions of installation, use and maintenance of the object of insurance in accordance with instructions and legislation.
117. The policyholder shall take reasonable precautionary measures for preventing and reducing the occurrence of damage.
118. The object of insurance and parts thereof must be designed, constructed, installed and entered into service as required.
119. If the policyholder or people equivalent to the policyholder violate the safety requirements and an insured event occurs due to the violation of the safety requirements, Seesam shall be released from its obligation to pay an insurance indemnity to the extent in which the violation of the obligation contributed to the occurrence of the insured event.

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### **Fire safety**

120. The policyholder must follow the fire safety requirements established by legislation.
121. All smoke flues, ventilation ducts and other exhaust systems must be cleaned at least once a year or, according to the working stress, more often in order to avoid the ignition of accumulated fats, dirt, grime and other residues.
122. An open flame or gas flame may not be used to thaw frozen pipes.
123. Heating and electric systems must have been designed, constructed, installed and entered into use according to regulations or, if no regulations exist, in a manner that ensures their safe use and maintenance.
124. Heaters with radiating or incandescent surfaces and without protective covers (e.g. fan heaters) may not be placed in dusty rooms and left without supervision.
125. Smoking or use of open flame in dusty places and in places where inflammable liquids, gases, explosives and waste are stored or used shall be prohibited. The areas where smoking is prohibited or permitted must be equipped with respective signs.
126. Inflammable materials, substances, machinery or equipment may not be stored near the structures of the building.
127. It shall be prohibited to store in the place of insurance such goods, objects, combustible liquid and gas which have not been prescribed for this place according to the building design documentation and the permit for use.
128. Fire doors must be closed, except automatically functioning fire doors, in respect of which unobstructed closing and fixation in a closed position shall be ensured.
129. It shall be prohibited to block escape routes or emergency exits in the building with equipment, packaging, empties, furniture, fittings or other objects.

130. The place of insurance must be provided with basic fire extinguishing equipment according to the applicable standards. Basic fire extinguishing equipment, escape stairs and ladders must be in working order, provided with signs and locate in a visible and available place.
131. Unextinguished coal or bottom ash may not be placed into a storage place for furnace residue, a flammable container or anywhere where it may cause damage to the object of insurance.
132. When performing work involving an open flame, the fire safety requirements established by legislation for work involving an open flame must be followed. Work involving an open flame is work where sparks appear or gas flame is used. Such work shall include welding, cutting, hot drawing of metals and work where gas burners, open flame or hot air blowers are used.
133. If fire has started as a result of performing work involving an open flame, Seesam shall have the right to reduce the insurance indemnity.
134. Automatic fire extinguishing systems must be in working order and regularly inspected and maintained by a certified person. A maintenance programme must have been prepared for an automatic fire extinguishing system.
135. An automatic fire detection and fire alarm system must be regularly inspected and maintained and, if necessary, improved or renewed.

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#### **Other safety requirements**

136. pipelines must be protected against freezing.
137. In a building that is not heated during the heating period or that is not used, the water supply and heating systems must be emptied of water.
138. In the winter period, it is necessary to clear snow and ice from the roofs of insured buildings and get rid of icicles hanging from the eaves.
139. Roofs, rainwater, wastewater and water pipelines and other utility systems must be regularly maintained and their good condition must be inspected.

## **INSURER'S RIGHTS**

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140. Seesam shall have the right to withdraw from or cancel the insurance contract if an insured risk increases following the entry into the contract regardless of the policyholder and in the event of an increased insured risk Seesam would not have entered into the contract with regard to the object of insurance or the insured person.
141. In the aforementioned event Seesam shall notify the policyholder of the withdrawal or cancellation 30 days in advance.
142. Withdrawal from the insurance contract shall also be possible in respect of only some objects or insurance or some insured persons.
143. If the probability of an insured risk has increased due to circumstances arising from the policyholder, Seesam may cancel the insurance contract without giving any advance notice thereof.

# LIABILITY INSURANCE

## PURPOSE OF INSURANCE

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1. The purpose of liability insurance of real estate insurance is to protect an insured person against a claim filed by an injured party for the indemnification for damage in accordance with the procedure and to the extent provided for in these terms and conditions.

## INSURANCE COVER OPTIONS

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2. The insurance cover options are a construction owner's liability insurance and construction owner's extended liability insurance.

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## CONSTRUCTION OWNER'S LIABILITY INSURANCE EVENT

3. A liability insurance event of an owner of a construction and land under a construction is causing damage during the insurance period for which the insured person as the owner of the construction or the land under the construction is liable before the injured party, taking into account the restrictions of these terms and conditions.
4. In addition to the aforementioned, an insured event is deemed to be a situation where damage has been caused by the owner of a construction or land under a construction, but, pursuant to law, a claim must be filed against an apartment association.

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### **Insured person upon insuring construction owner's liability**

5. In the event of liability insurance of an owner of a construction and land under a construction, all owners of the construction located at the address specified in the policy are insured persons.
6. In the event of a construction in common ownership, all co-owners are owners of the construction.
7. In the event of a construction that has been divided into apartment ownerships, all apartment owners are owners of the construction.
8. The owner of the land under a construction is the person who has been entered in the land register and is the owner of the building specified in the policy.
9. If the policyholder is not the owner of a construction and land under a construction, this constitutes an insurance contract that has been entered into for the benefit of a third party, i.e. the owner of the construction and the land under the construction.

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### **Construction**

10. A construction is both a building and a facility. A building is a construction that has a roof, interior space and parts of the building envelope and a facility is any construction other than a building.
11. The construction owner's liability is insured in respect of the construction located at the address specified in the insurance policy.

### **Owner of construction and land under construction**

12. The owner of a construction and land under a construction is the person entered in the land register. If there are also other constructions not specified in the policy on land under a construction, the owners of those constructions shall not be deemed to be insured persons.
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### **Injured party**

13. For the purposes of an insurance contract, an injured party is the person to whom the insured person has caused personal injury or material damage and who is not a party to the insurance contract (the policyholder and the insurer) or an insured person (the owner(s) of a construction and land under a construction).
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### **Basis for liability of owner of construction and land under a construction as arising from law**

14. The creation of a construction owner's liability shall be evaluated on the basis of the provisions of law that regulate the construction owner's liability.
  15. The creation of liability of an owner of land under a construction shall be evaluated on the basis of the general provisions of law that regulate indemnification for damage caused by unlawful action.
  16. The liability of both the owner of a construction and the owner of land under a construction shall be evaluated in accordance with the legislation of the Republic of Estonia.
  17. The creation of liability of an apartment association shall be evaluated on the basis of the provisions of law that regulate the liability of an apartment association and pursuant to which the apartment association is liable for damage caused by the owner of a construction or land under a construction.
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### **CONSTRUCTION OWNER'S EXTENDED LIABILITY INSURANCE EVENT, I.E. APARTMENT ASSOCIATION'S LIABILITY INSURANCE EVENT**

18. The construction owner's extended liability insurance event is deemed to be an event where during an insurance period an insured person causes, due to violation of the obligation to maintain common ownership of the building, damage to an injured party for which the insured person is liable before the injured party on the basis of law.
  19. In addition to clause 18, the construction owner's extended liability insurance event is also deemed to be the solidary liability of the owner of a construction and land under a construction as provided for in law before an injured party in a situation where a claim can only be filed, pursuant to law, against an apartment association.
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### **Insured person upon insuring construction owner's extended liability**

20. In the event of construction owner's extended liability insurance, the insured person can only be an apartment association.
21. If the policyholder is not an apartment association, this constitutes an insurance contract that has been entered into for the benefit of an apartment association.

22. The persons whom the apartment association uses for performing its obligations are not deemed to be insured persons and the damage caused by such persons shall not be subject to indemnification on the basis of an insurance contract. This exclusion shall also cover the events where an apartment association is liable for damage caused by the aforementioned persons in accordance with law.
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### **Injured party**

23. In the event of construction owner's extended liability insurance, injured parties are all persons other than the parties to the insurance contract (the policyholder and the insurer) or an insured person (the apartment association).
24. Members of an apartment association are only deemed to be injured parties in the events where the apartment association is liable for the material damage or personal injury caused by violation of the obligation to maintain the object of common ownership that has arisen to a member of the apartment association.
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### **Legal basis for construction owner's extended liability**

25. The creation of liability of an insured person shall be evaluated on the basis of the provisions of law that regulate the liability of an apartment association.
26. The liability of an apartment association shall be evaluated in accordance with the legislation of the Republic of Estonia.
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### **Obligation of apartment association to maintain common ownership**

27. The common ownership of an insured construction on which a maintenance obligation has been established pursuant to the Apartment Associations Act or the articles of association of an apartment association is in particular a plot of land and such parts and equipment of the construction that are not a part of the physical share of any apartment ownership and are not in the ownership of any other party.

## **GENERAL PROVISIONS**

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28. The general provisions shall apply in the event of the insurance cover of construction owner's liability insurance and construction owner's extended liability insurance.
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### **Damage**

29. Only personal injury or material damage shall be subject to indemnification on the basis of an insurance contract.
30. For the purposes of these terms and conditions, personal injury is damage arising due to damage to health, bodily injury or death.
31. For the purposes of these terms and conditions, material damage is damage arising due to impairment or destruction of a thing.

32. Material damage is repair expenses, consisting of the cost of reasoned restoration repair of a damaged object and other direct expenses related to the restoration.
  33. Material damage is damage arising from destruction of an object, whose amount equals the value of the destroyed property before the insured event.
  34. Creation of liability is deemed to be the moment of time when the injured party's claim for indemnification for damage arose against the insured person pursuant to law.
  35. A claim for the indemnification for damage presumably arises immediately after the damage has become evident.
  36. An injured party's claim for the indemnification for damage against the insured person must have arisen during the insurance period and it must be possible for the injured party to assert the claim for the indemnification for damage against the insured person on the basis of law.
  37. Filing a claim with an insured person by an injured party during the insurance period shall not be deemed to be equal to the time when the damage became evident.
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### **Restrictions**

38. Unless otherwise agreed upon in the policy, the following material damage or personal injury shall not be subject to indemnification:
  - 38.1. that is based on an event of which the insured person was or had to be aware before entry into an insurance contract;
  - 38.2. that the insured person has caused to themselves;
  - 38.3. that the owner of a construction or land under a construction has caused to another owner of a construction or land under a construction, e.g. one co-owner causes damage to another co-owner;
  - 38.4. that the insured person has caused to themselves;
  - 38.5. that has been caused by bankruptcy or insolvency of the insured person;
  - 38.6. that arises from improper performance of a contract (incl. taxes, contractual penalties, interest);
  - 38.7. that arises from a major source of danger;
  - 38.8. that is subject to indemnification under mandatory liability insurance;
  - 38.9. that has been caused upon occurrence of an event that recurs for one and the same reason;
  - 38.10. that has been caused by defects of a product;
  - 38.11. that has been caused by unlawful suspension of economic or professional activities;
  - 38.12. that has been caused by Force majeure;
  - 38.13. that arises from liability of a member of the management board of an apartment association;
  - 38.14. that has been caused as a result of construction, demolition, repair or maintenance work performed by a third party and for which the insured person is liable pursuant to law;
  - 38.15. that arises from providing professional service (e.g. accounting, designing, performance of plans, provision of surveillance service);
  - 38.16. that arises from misleading or inadequate advice or instructions concerning products, goods or things or from incorrect or unskilled use of the products, goods or things;

- 38.17. that arises to common ownership of members of an apartment association;
  - 38.18. that has been caused by vibration, noise, heat, freezing, smell, radiation, light, smoke, grime, dust, steam, moisture, gas;
  - 38.19. that arises from contamination of air, water surface, water;
  - 38.20. that arises from flood caused by precipitation or meltwater;
  - 38.21. that has been caused by excavation operations;
  - 38.22. that arises from changes in the groundwater level;
  - 38.23. that has been caused by strike or another similar event;
  - 38.24. that has been caused by sinking or movement of the soil;
  - 38.25. that consists in non-proprietary damage or, in the event of damage to an object, loss of profit;
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### **Right of claim and time of filing a claim**

- 39. The right to receive an insurance indemnity shall only be with the person the insured risk related to whom has been insured.
  - 40. An injured party shall have no right to demand that Seesam pay an insurance indemnity to the injured party without the policyholder's respective consent.
  - 41. The policyholder may dispose of the rights arising for the insured person from an insurance contract in the policyholder's name, including recover or waive the claim of the insured person against Seesam. Seesam shall only perform its obligation to the policyholder if the latter proves that the insured person granted their consent for entry into the insurance contract.
  - 42. The insured person shall have the right to file a claim for an insurance indemnity with Seesam within three years of the damage that occurred during the insurance period and for which the injured party's claim arose against the insured person for the indemnification for damage. The limitation period shall commence as of the end of the calendar year of the damage that occurred during the insurance period.
  - 43. The insured person's claim for an insurance indemnity against Seesam shall be suspended for the period of judicial proceedings in a situation where the injured party files an action against the insured person with a court. The prerequisites for the suspension of a claim for an insurance indemnity shall be:
    - 43.1. occurrence of damage that creates liability during the insurance period;
    - 43.2. the insured person has notified Seesam of the judicial proceedings on time;
  - 44. If the injured party's claim against the insured person expires, the insured person's claim against Seesam shall also expire as of the moment of expiry.
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### **Types and extent of damage subject to indemnification**

- 45. Personal injury and material damage shall be subject to indemnification on the basis of an insurance contract.
- 46. Seesam shall have the right to deduct from the insurance indemnity any gains that the injured party obtained as a result of causing damage, except if such deduction is contrary to the purpose of indemnification for damage.

47. The extent of personal injury or material damage caused by an insured person to the injured party shall be calculated on the basis of the corresponding provisions of law.
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#### **Costs of legal assistance and costs of expert assessment**

48. Costs of legal assistance and costs of expert assessment shall be subject to indemnification in a situation that concerns an insured event, taking into account the restrictions and exclusions set out in the terms and conditions.
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#### **Costs of legal assistance**

49. The costs of legal assistance necessary for repelling a claim directed against an insured person shall be subject to indemnification if all of the following terms and conditions exist:
- 49.1. the insured person needs legal assistance for repelling a claim directed against them;
  - 49.2. the terms and conditions or the insurance policy contain no restrictions that would preclude Seesam's obligation to perform the insurance contract;
  - 49.3. the person who provides legal assistance to the insured person has agreed with Seesam on an agreement for providing legal assistance in advance in a format that can be reproduced in writing.
50. If Seesam has paid the insured person costs of legal assistance as a prepayment and the injured party is ordered to pay the costs of legal assistance by a court judgment, the insured person shall be obliged to repay the costs of legal assistance whose payment was ordered by the court judgment.
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#### **Costs of expert assessment**

51. The costs of expert assessment shall be subject to indemnification if all of the following terms and conditions exist:
- 51.1. incurring the costs of expert assessment has been agreed upon with Seesam in advance;
  - 51.2. the expert assessment is necessary in order to determine the reason for and the scope and extent of the damage;
  - 51.3. there exist no restrictions set out in these terms and conditions.
52. If Seesam has paid the insured person costs of expert assessment as a prepayment and the injured party is ordered to pay for the benefit of the insured person the costs of expert assessment by a court judgment, the insured person shall be obliged to repay to Seesam the amount of the costs of expert assessment paid by the latter.
53. If the expert assessment reveals that damage has been caused due to any of the restrictions specified in these terms and conditions, Seesam shall have the right to demand repayment of the paid costs of expert assessment.
54. Costs of legal assistance and costs of expert assessment shall be indemnified along with personal injury and material damage as a maximum to the extent of the insured sum of liability insurance specified in the policy.

### **Obligation of insured person to notify of circumstances**

55. The insured person shall provide Seesam, at least in a format that can be reproduced in writing, with explanations and proofs that are necessary for evaluating grounds for the possible creation of liability.
  56. The insured person shall provide Seesam, at least in a format that can be reproduced, with explanations and proofs that are necessary for evaluating the circumstances of the occurrence of damage, the scope of damage or extent thereof.
  57. If the insured person violates the obligations set out in clauses 55 and 56, Seesam shall be released from its performance obligation in part or in full.
  58. The policyholder shall immediately notify Seesam of a possible insured event and follow the instructions received from Seesam.
  59. The policyholder shall notify Seesam immediately of any civil, administrative, criminal or misdemeanour proceedings related to a possible insured event.
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### **Right of Seesam to hold negotiations**

60. Seesam shall have the right to hold negotiations with a third party or parties in the name of the policyholder.
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### **Insured sum**

61. Insured sum is the sum agreed upon in the insurance contract and specified in the insurance policy, which constitutes the maximum sum of payment of all insurance indemnities disbursed in the insurance period.
  62. The insured sum shall decrease by the insurance indemnity disbursed in the insurance period.
  63. If during the current insurance period Seesam pays the insurance indemnity to the extent of the entire insured sum, the insurance contract shall be deemed as cancelled as of the moment of disbursement of the insurance indemnity due to the extinguishment of insurable interest.
  64. If the circumstances for which the insured person is liable have caused several injured parties to file claims and the total amount of those claims exceeds the insured sum, Seesam shall satisfy the filed claims in equal amounts to the extent of the insured sum.
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### **Deductible**

65. The policyholder shall bear the deductible with regard to each insured event.
66. The amount of the deductible is set out in the policy.
67. Seesam shall indemnify for damage that exceeds the deductible.
68. The deductible shall apply in the event of costs of legal assistance and costs of expert assessment, unless otherwise agreed.